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# CRM FIELD LAB: SPORT LISBOA E BENFICA

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## 2 | Executive Summary

This CRM Field Lab was developed during the Fall semester of 2017 under the guidance of Professor Elizabete Cardoso. The project's objective was to solve some key aspects and challenges raised by the client: SL Benfica's management team.

The first challenge was to propose a strategy to tackle the club's **internationalisation** goals. This challenge was addressed by performing a study on the three countries suggested by SL Benfica - China, USA, and India - and by proposing tailored internationalisation strategies for each country with a business development timeline and communication strategies. SL Benfica's internationalisation will follow a joint venture entry mode and include a bundle of products and services that range from their core business to digital. Those products include football schools, academies, merchandising and other relevant ones according on the market, as well as the establishment of business offices in the different countries. To introduce these products and SL Benfica's brand in the markets the club will go through some steps that include creation of awareness, business development, expansion and broadcasting rights. These products' implementation and strategies' development shall be measured and tracked to understand the effects and results that may change the course of implementation of the next stages of the internationalization process.

The team also highlighted the need to perform a comprehensive study on **membership churn** which was addressed by performing three churn analyses that considered different ranges of members: all the members in the database and members who joined the membership between august 2016 and the present. These analyses helped understand which "segments" have a lower retention rate and therefore shall be the basis of targeted initiatives and campaigns. Therefore, campaigns were created to target members in the categories with a higher churn rate like *Juvenil*, *Correspondente*, and *Cobrança Postal*. Besides the churn directed campaigns, others were developed to nurture a family based culture in the club and thus attract families to matches.

Another key aspect of the project was to **generate insights from Benfica's memberbase**, its characteristics, the value they bring to the club and how that value is generated. Based on the limited available data a lifetime value analysis was not possible to complete but in turn was performed a Member Value analysis that considered the minimum common denominator in terms of time between all available data sources. From this analysis the most valuable members were identified, alongside the most valuable cities, marital status and type of members. From these analyses campaigns were developed to provide members with the biggest value for their membership focusing on a point system, a lifelong member kit, showcasing the advantages of the membership and showing members how their membership fees contribute to SL Benfica's success.

Lastly there was also a need to **understand what members and non-members think about** the club, the channels and gather insights from real people. This qualitative research was performed by the Research Methods for Business class through semi-structured interviews with team supporters, members and ex-members. These interviews were used in the field lab as a source of information regarding members' and non-members' opinions and served to confirm previously taken conclusions. It served as well as a source for the main reasons that trigger supporters to become members, ex-members and move through the lifecycle and relationship with the club which led to the development of a framework for the segmentation of Benfica's customers. With these results, recommendations were developed to improve Benfica's website and app and suggestions on how to use machine learning applications to improve the database and data usage.

## Challenges

### How to Internationalise to these markets?

Considering the global phenomenon and the fact that the Portuguese League is stagnant and doesn't allow SL Benfica to grow much more, the club wants to compete with the Big European clubs, having as final objective winning a Champions League Title and be known as one of the best football teams. With this in mind the club wants to internationalise to China, United States of America and India as a way to grow its brand, generate more fans and supporters and generate more revenue

### How to increase the current and potential value of SL Benfica's members?

SL Benfica's revenues are highly dependent on sportive success. The club wants to attract more families to the stadium and differentiate customers according to value which bring new segmentation opportunities, representing increased revenue sources. Taking into account that it is more expensive to acquire new members than to retain current ones SL Benfica needs to understand how to reduce churn from members while also understand what makes supporters convert to paying members.

### How to optimize SL Benfica's digital channels in order to increase engagement?

SL Benfica recently launched a new website and a new app and wants to understand how they are perceived and how they can be improved to increase engagement the club needs to improve its channels and communication

See appendix 1: Timeline

## Methodology

- Secondary data on the sports market;
- Macroenvironment Analysis: PEST;
- Microenvironment Analysis: 3Cs;
- SWOT;
- Best Practices Benchmarking;
- Risk-control framework (Doole, 2016);
- Brainstorming (available & recommended products);
- Roadmapping of the internationalization process;
- Research on digital channels used;
- Communication strategy development: 6Ms framework.
- Data preparation;
- Data aggregation and categorization;
- Data analysis;
- Churn analysis;
- Customer value analysis;
- Qualitative research (in-depth interviews and projective technique);
- Customer-based life cycle segmentation;
- Get, Keep, Grow (Peppers & Rogers).
- Best practices analysis;
- Qualitative research.

The European football landscape is clearly dominated by the Big 5 Leagues. Indeed, they are responsible for more than half of the football market, which has been growing in the past years

4 | Football Market | Overview

Graph 1

Long-term European club revenue growth (€ Billion)



Source: The European Club Footballing Landscape, UEFA 2015

- The European football market has been growing steadily in the past decades.
- Within the European context, the so-called Big 5 - Premier League, La Liga, Ligue 1, Serie A and Bundesliga – are considered to be the main football leagues in the economical, political and sportive aspects<sup>1</sup>.
- Their financial performance is strongly influenced by the increase in the centralization of TV broadcasting rights, by the new collective contracts in Spain and Italy and, finally, by the new treaty in Germany related with international rights. These show the importance of the fans for the economic and sportive performance of the clubs, since the larger is the fans' community of a club, more expensive are its broadcasting rights<sup>1</sup>.

Graph 2

Big Five European league clubs' revenues – 2015/16 (€M)

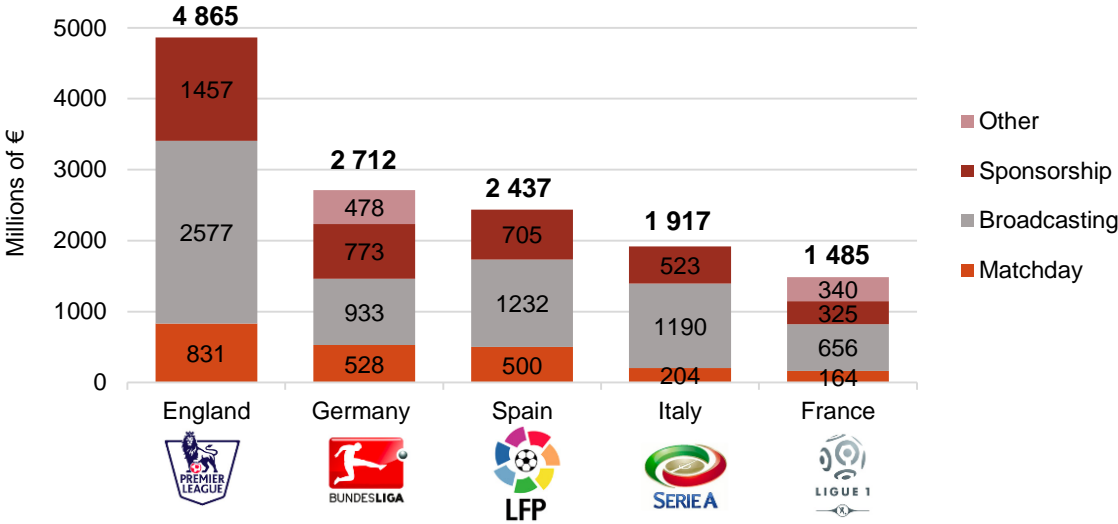


Table 1 - Big Five European league clubs' revenues – 2015/16

Average revenue per club (€M)	243	151	122	96	74
Average match attendance	36 490	42 420	27 626	21 680	20 804

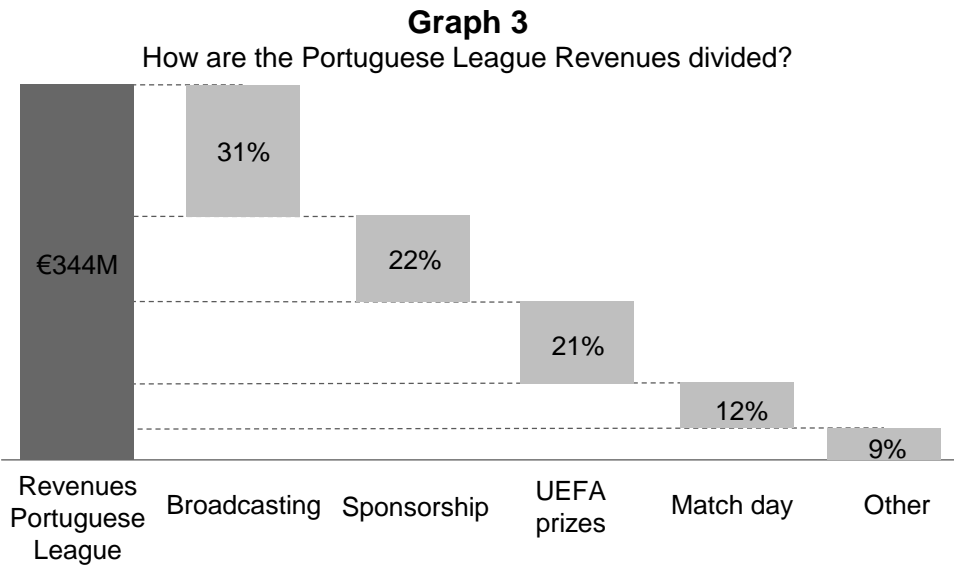
Source: Annual Review of Football Finance, Deloitte 2017

SL Benfica, Sporting CP and FC Porto are considered to be the Top 3 Portuguese football clubs. Their large fanbases allow them to have a clear economic power and, consequently, an equivalent sportive performance

4 | Football Market | Overview

- Football is the king sport in Portugal being the most popular sport among the Portuguese people (and part of the Portuguese culture) and the one that generates the biggest revenue<sup>2</sup>.
- In 2015, the Portuguese League's revenues amounted to €344 million, being in the 8th position in the ranking of top revenue leagues. However, in terms of average revenue per club, it ranked 11th, which shows that there is a clear concentration of such revenue<sup>2</sup>.
- Revenue is concentrated amongst the three big clubs: SL Benfica, Sporting CP and FC Porto. These are the top clubs both on sportive and economic performance, mainly due to its large fan base and to the fact of the TV broadcasting rights are not centralized<sup>2</sup>.

See appendix 2: SWOT Portuguese Football Market



**Source:** The European Club Footballing Landscape, UEFA 2015

**Table 2**  
Evolution of the number of viewers in games

	2014/15	2015/16	2016/17
Total number of viewers	3.091.276	3.305.708	3.622.372
Average match attendance	10.102	10.803	11.838
Occupancy Rate	40%	46%	49%

**Source:** Annual Review of Football Finance, Deloitte 2017

- Looking closely to the revenue mix of the Portuguese league, it is possible to see that the majority of the revenue comes from domestic broadcasting, followed by 27% of UEFA revenue. Sponsorship represents 22% of the total revenue, and lastly, gate revenue represents only 12% of the league revenue, with the remaining 9% coming from other sources. It is important to highlight the low revenue coming from gate receipts, which in part comes from the low stadium occupancy rates<sup>2</sup>.
- It is possible to see that the total number of spectators has been increasing in the last three seasons. The same trend can be verified in terms of average number of spectators and stadium occupancy rate. Despite the consistent improve in the numbers, when compared to the average occupancy rate of the “Big Five” leagues (78%). All in all, the League still needs to greatly improve in order to be compared to these “Big Five” leagues<sup>1</sup>

SL Benfica is the most titled club in Portugal and the current football champion. In financial matters, the club registered a record in net income in the 2016/17 season

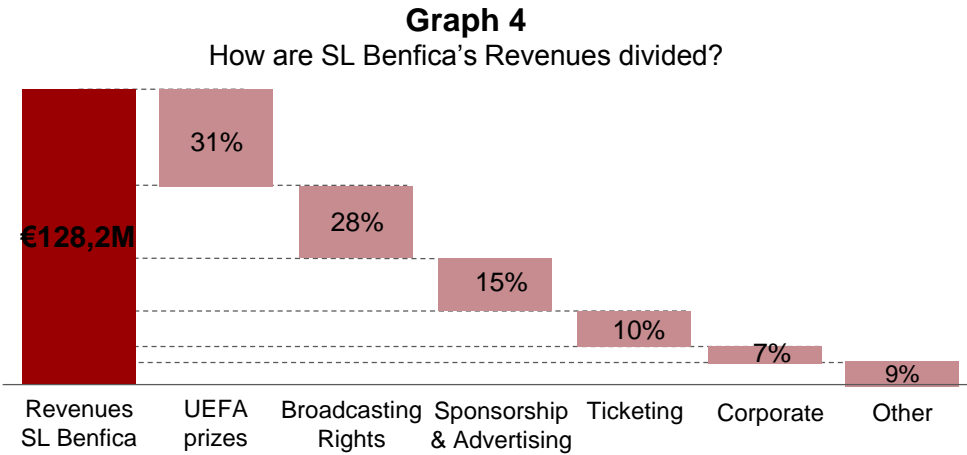
5 | Football Market | SL Benfica Overview

History

- Founded on 28 February 1904, Sport Lisboa e Benfica is widely known by its professional football team in the first division in Portugal and by the quality of its teams in other sports in the country<sup>3</sup>.
- Regarding its football team, their home matches are played on Estádio da Luz, which is the biggest stadium in Portugal with a capacity of over 65.000 spectators.
- The club has already won 2 Champions Leagues, 36 Portuguese Championships, 26 Portuguese Cups, 7 League Cups and 7 Super Cups, whose trophies are present in the club's museum: Museu Cosme Damião<sup>4</sup>.

Present

- SL Benfica is considered to be the Portuguese club with the largest fan community and with the highest number of members<sup>5</sup> (more than 200 000). Additionally, SL Benfica won four straight championship titles in the last four years. In the 2016/17 season, the club registered an average attendance of 48 001, a growth of 4,7% relatively to the previous season<sup>5</sup>.
- According to the Financial Statements released in October 2017, the club registered 128.2 million euros in operating income in the 2016/17 season (excluding transactions of players' rights). At the same time, the net income reached 44.5 million €, being a record for SL Benfica<sup>5</sup>.
- In the Champions League, in the 2016/17 season, the club reached the round of 16 when lost against BVB Dortmund and so it ended up ranked on the 9th position on UEFA's ranking of clubs. However, in the current season, SL Benfica didn't qualify for this same stage. Still in 2016/17, the youth team reached the final of UEFA Youth League, where was defeated by Red Bull Salzburg. Yet, it also did not qualify for the play-off in the current season.
- SL Benfica possesses its own TV channel, BTV, where the home matches are broadcasted. Nevertheless, the club sold these rights to NOS in the last season, as well as the rights of broadcasting and distribution of BTV.



Source: SL Benfica Annual Report 2016/17





# 6. INTERNATIONALISATION

## Internationalisation

- Nowadays, an increasingly globalized and competitive World demands football clubs to abandon their previous status quo as exclusively non-profit entities and behave more similarly like companies, by using all the available strategic tools in order to grow and to increase their own profits. As such, the interest in internationalization by clubs arises, aiming to reach a sustainable growth as well as to explore new highly potential but low developed markets.
- Owning the most valuable brand among Portuguese clubs and the 47th in the World<sup>6</sup> (according to Brand Finance, in 2016), SL Benfica has the opportunity to expand it to other countries in which football is becoming of great interest among local communities. Under this scenario, three countries were taken into consideration when developing an internationalization strategy for SL Benfica – China, the United States of America and India.

## Strategy

This strategy will have as main pillar the internationalization of SL Benfica's youth development and training under the form of academies and football schools. Consequently, the positioning of the club in these three countries has to be related with the high quality youth academy of SL Benfica.

There are two main factors that support SL Benfica's training capabilities: (1) SL Benfica is considered to be one of the top clubs to what player development may concern. Indeed, in the Globe Soccer Awards 2015, it was awarded as the "Best Academy in the World"<sup>7</sup> and, (2) there are several well-known players spread across the World that are labelled "Made in Benfica" or that have arrived to the club early on their careers and then "jumped" to the top-tier clubs due to their performance on SL Benfica's squad. Examples of this success are Bernardo Silva, Manchester City; Ederson Moraes, Manchester City; Lindelof, Manchester United; David Luiz, Chelsea FC; Nelson Semedo, FC Barcelona; Gonalo Guedes, Valencia (loan from Paris SG) and Jan Oblak, Atltico de Madrid.



# CHINA



## Basketball

It is the country's most popular sport<sup>8</sup>;  
Successful Chinese players, such as Yao Ming and Sun Yue<sup>9</sup> have contributed to raise this sport's' popularity;  
China is the largest international market for NBA<sup>10</sup>



## Football

It is the second most popular sport in China and has been growing steadily;  
Out of the 5 most popular sports events in China, 3 are Football related<sup>8</sup>.



## Table Tennis & Badminton

Despite its decreasing popularity, table tennis and badminton are still popular recreational sports in China, since they are simple and cheap sports<sup>11</sup>.

Sports are becoming increasingly popular in China, partly explained by President Xi's promotion of fitness and sport (see Appendix 3: Football in China).

Basketball (see Appendix 4: NBA in China), Football, Table Tennis & Badminton are the most popular sports. Notwithstanding, other sports such as cycling, motorsport and mixed martial arts (MMA) are the ones growing the most in China, being the ones to watch in upcoming years<sup>8</sup>.

# The Chinese Super League is one of the highest-paying in the world and the country hopes to host the World Cup in 2030

## 7 | Internationalisation: China | Football in China

### National Team

- Men's national team failed to qualify to the World Cup 2018 in Russia. In the last 30 years, the Chinese National Team has just qualified once, in 2002, to the World Cup<sup>12</sup>;
- China ranks on the 57th position in FIFA Men's Ranking (October 2017), having improved its position in this ranking over the last four years (97th in 2014)<sup>13</sup>;
- The head coach is the famous Marcello Lippi;
- The Chinese Football Association is hoping to host the World Cup 2030.

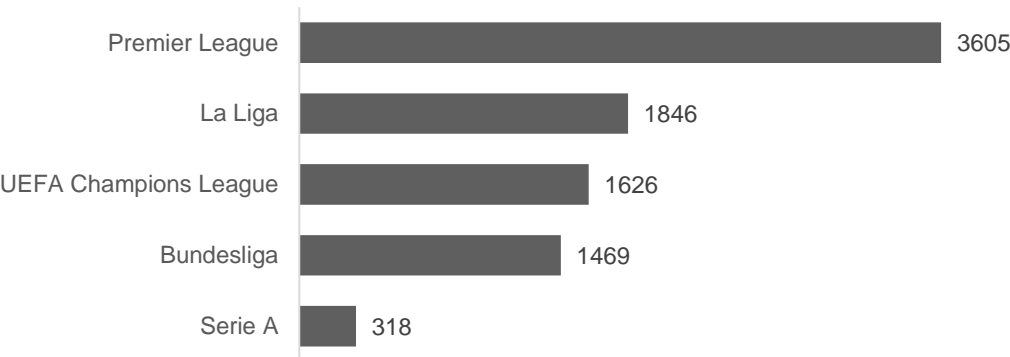
### Structure

- The three professional leagues have a promotion and relegation system;
- The Chinese Super League is considered to be the 12th highest-paying sports league. Chinese clubs have been responsible for some of the biggest players' transfers and when it comes to yearly salary, these numbers get even more impressive, as 10 out of the 20 most paid players are in Chinese teams<sup>14</sup>;
- Given the low temperatures in Winter, the season starts in March and ends in November;
- In order to promote the native player development, the CSL restricts the number of foreign players per team to a maximum of five<sup>15</sup>.

### Viewership

- Interestingly, the Premier League's TV broadcasting time in China decreased by 25%, when comparing to the 2014/2015 season, whilst the Bundesliga broadcasting time increased by 66% from the same season. The majority of the most watched games in China (for all leagues) were broadcast at around 10pm in China, a good time for Chinese TV audiences. The 3 most watched Bundesliga matches in China featured Bayern, whilst in Spain the top 5 always included either Barcelona or Real Madrid<sup>16</sup>.

**Graph 5**  
2015/16 European Football Leagues broadcasting Time on Chinese TV Channels (hours)



Source: Soccerex. (2016)

The macroeconomic conditions of China seem favourable for the internationalization of sport businesses. However, politically and socially there are factors that can constrain the strategy chosen

## 7 | Internationalisation: China | Macro Environment: PEST

### Political/Legal

- Government policy as the critical shaping force<sup>17</sup>;
- Ease of doing business ranking: 78 out of 190. Chief limitation: Dealing with construction permits (172/190)<sup>18</sup>;
- China's government wants to create a 73.4 billions USD sports industry<sup>19</sup>;
- Legal frameworks characterized by ambiguity and inconsistency<sup>20</sup>;
- Football is a compulsory part of the national curriculum in China<sup>21</sup>;
- 10 year plan for football, including: (i) produce over 100.000 players; (i) create 20.000 new 'football schools' and (iii) 70.000 pitches by 2020<sup>22</sup>.

### Social

- Most populous country in the world (over 1.37B inhabitants) - 17,15% aged below or at 14 years old, 61,29% aged 15-54 and 10,75% in the aged 55-64<sup>24</sup>;
- Urban population represents 57% of total population (70% expected by 2030)<sup>24</sup>;
- Football is one of the most popular and fast growing (in popularity) sports<sup>8</sup>;
- Traditionally, parents see sports as a hobby rather than a career<sup>24</sup>;
- The networks and relationships in China which can influence business, also called Guanxi, are a central idea in Chinese society<sup>25</sup>;
- Strong association with certain colours (red and gold)<sup>26</sup>;
- A strong heritage is highly valued by Chinese consumers<sup>25</sup>;

### Economical

- China's GDP grew 6,7% in 2016, amounting a total of 11.2 trillion USD (2016)<sup>23</sup>;
- Rising middle class (by 2020 it will represent 51% of the total urban population)<sup>23</sup>;
- Shift from an investment-led growth model to a more consumption-driven structure<sup>22</sup>;
- Several Chinese companies, including Wanda Group, Alibaba Group and Kaisa Group, have put together a multi-billion dollar fund intended to assist with the construction of new sports facilities<sup>8</sup>.

### Technological

- Internet penetration stood of 53.1% (2016). Within this group, the proportion of population accessing the internet on a laptop or tablet was of 68% and the proportion of population accessing it on mobile phone was of 93%<sup>27, 8</sup>;
- China is the world's largest social network market (568 millions in 2016)<sup>28</sup>;
- Access to "western social media" is restricted due to the Great Firewall of China. Therefore, consumers only have access to Chinese social media<sup>28</sup>;
- Online retail penetration reached 11%, (but is expected to double by 2020)<sup>29</sup>;
- Consumers spend a large amount of their leisure time online (up to 70%)<sup>28</sup>;



The club already has a relationship with China for several years, being present in the country through 12 football schools and academies. The country has a large pool of customers, who often support more than one team

## 7 | Internationalisation: China | Micro Environment: 3Cs

SL Benfica is already present in China under the form of football schools since 2005. Since the interest in football is growing in the country the club expects to expand this number in the near future. As such both children and potential coaches were considered as potential customers.

Company	Customer
<ul style="list-style-type: none"><li>• In 2007, SL Benfica signed Yu Dabao, which was considered at the time to be one of the best prospects in China. He joined SL Benfica on a three-year deal, but was constantly loaned to second and third tier Portuguese clubs.</li><li>• In 2015, SL Benfica opened its first soccer school, located in Hangzhou (Zhejiang), featuring a partnership with the local government.</li><li>• Nowadays, SL Benfica has already 12 soccer schools, of which 10 are located in Hangzhou and 2 in Chongqing.</li><li>• The club currently has a connection with the Chinese conglomerate Fosun and conversations are being held to establish a partnership to develop SL Benfica's business in China. However, it is still to be defined what this so-called partnership will involved.</li></ul>	<p>Who are they?</p> <ul style="list-style-type: none"><li>• 155.2 million in 2016 aged 5-14 (potential customers for the academies): 53.8% male and 46.2% female. In terms of communication, their parents will be SL Benfica's customers<sup>24</sup>;</li><li>• 279.9 million (male) aged 20-44 in 2016 (potential coaches to be trained)<sup>24</sup>;</li><li>• 31% of the urban population aged 16-59 are interested in football<sup>8</sup>;</li><li>• Chinese football fans are passionate about European Football, particularly about the Premier League and Bundesliga<sup>8</sup>;</li><li>• It is highly common for Chinese football fans to support multiple teams, often one from each of the top European leagues (associated to the success of the teams)<sup>8</sup>.</li></ul> <p>How do they access information about sports?<sup>8</sup></p> <ul style="list-style-type: none"><li>• Television is still a primary source of information, particularly in the non-urban areas;</li><li>• Regarding online access to sports information, 82% use laptops, closely followed by smartphones (79%);</li><li>• Tencent (69%), Sina Sports (57%) are the platforms most used platforms to follow sports.</li></ul>

SL Benfica faces several competitors in the Chinese market, which are present both physically, but also in the online channels

7 | Internationalisation: China | Micro Environment: 3Cs

Chinese football at the moment is engaged in acquiring knowledge and expertise from abroad. Due to this, many European Football Clubs have already entered the market in the hope of increasing their fan base.

Competitors - Physical Presence

- There are many football clubs already present in China, mainly through football academies and schools, in partnership with Chinese football clubs or companies. Example of these are Manchester United, FC Barcelona, Valencia CF, FC Bayern, Chelsea , Inter Milan, amongst other clubs.
- Real Madrid, partnership - Biggest soccer academy in the world<sup>30</sup>;
- Also, many soccer players are also present with training academies in their own name, such as Ronaldo (Ronaldo Academy)<sup>31</sup>, with a franchising agreement or Luis Figo<sup>32</sup> (Winning League Figo Football Academy), through a partnership deal with a Chinese company;
- Portuguese Football: First Sporting Academy School opened in May 2017 in Anshun, through a partnership with a local company. Until 2018, 9 more academies from Sporting CP are expected to open<sup>33</sup>.

(see Appendix 5: Competitors: Physical Presence)

Competitors - Online Presence

- The Premier League dominates the online landscape. Of the 12 most dominant digital presences in China, six were English clubs<sup>34</sup>;
- Manchester United ranked the most influential football team in China, according to Red Card 2017, the sixth annual report released by Shanghai-based consulting agency Mailman Group. This same study suggests that Bundesliga is the most popular online<sup>34</sup>;
- Real Madrid, FC Internazionale and AC Milan are the most popular European football clubs in China. Italian clubs are part of this top 3, mainly for historical reasons, since the Italian League (Serie A) was the first European League broadcast in China<sup>8</sup>.

SL Benfica needs to leverage its know-how, experience in coaching and its history to take advantage of the opportunities in China, while minimizing competition and country risks

---

## 7 | Internationalisation: China | SWOT

### Strengths

- Big fan base;
- The know-how and experience in coaching;
- Top 3 UEFA youth league and winner of “The Award for the best academy of 2015”, in Dubai;
- International sponsors give an endorsement to the brand;
- Colours aligned with Chinese preferences: red (associated to happiness, love and luck) and gold (fortune);
- High heritage that speaks to the Chinese consumers.

### Opportunities

- Growing middle class;
- Football is a compulsory part of the national curriculum in China;
- Government’s 10-year plan for football;
- Increase in online retail penetration;
- Urban population represents 57% of total population, and is growing;
- Increasing use of smartphones/tablets to watch sports events;
- Creation of a fund for the construction of new sports facilities in the country.

### Weaknesses

- Portuguese league does not get as much attention as the Big Five leagues;
- Available financial resources, which contrast to those of its European counterparts;
- Lack of representativeness in European championships;
- Access to “western social media” is restricted.

### Threats

- SL Benfica’s fan base, although large for European standards, is quite small for the Chinese market;
- Large competition from other European clubs already in place;
- Political interference;
- Change of political leader can decrease investment in football;
- Legal frameworks characterized by ambiguity and inconsistency;
- Parents see sports as a distraction for children.



Competitors have gained space in the market by being successful both on- and offline and by establishing partnerships with Chinese companies

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## 7 | Internationalisation: China | Best Practices

### FC Bayern<sup>35</sup>

- Local legal entity and e-commerce platform: FC Bayern created its own e-commerce platform. The club has put a lot of effort on product originality, quality and variety with a strong focus on the colour red, following the Chinese preferences. In addition, Bayern holds a flagship store on Tmall.
- Strong focus on partnerships: FC Bayern had focused on forging local partnerships with Chinese football schools, taking advantage of its training expertise, coaches and coaching facilities. Recently, FCB announced its plans to build a soccer school in Shenzhen, on a 5-year deal.

### Manchester United FC<sup>36, 37</sup>

- Extensive presence on Weibo: with content such as live commentary on matches and posts on fan-favourite players. Moreover, they also post articles focused on the Chinese consumers and content they can relate to and appreciate, which allows them to connect with their audience.
- Fully featured website dedicated to Chinese fans.
- Sina Sports (China's largest digital sports media platform) and Manchester United have a partnership in which SinaSports became the club's official digital media partner in China and the exclusive broadcaster of MUTV.

### FC Barcelona<sup>38</sup>

- FC Barcelona's office in Hong Kong has a clear purpose: to search for partnerships and all other revenue sources.
- In terms of commercial partnerships FC Barcelona is the most successful football club in China. Among its 14 Asian sponsors, 5 are Chinese entities - Oppo, the Shanghai Pudong Development Bank Credit Card Centre, tech-driven content company BNN Technology, real estate organisation Shimao Group and Mission Hills.

(see Appendix 6: Best Practices)

SL Benfica should enter the Chinese market through a Joint Venture with a Chinese entity, in order to get market knowledge while keeping control of operations

7 | Internationalisation: China | Recommended Entry Mode and Products

Cooperation Strategy - Joint Venture<sup>39</sup>

- Expanding SL Benfica’s football schools and academies through direct Investment is not advisable since government has an important role in business-related issues, bringing high risks for companies and since it is difficult to obtain construction permits.
- Moreover, and given the political context existing in the country, it is important for companies to possess strong *Guanxi* so to gain advantages and benefit from favours.
- Due to this, the expansion of the football schools and academies should be done using a cooperation strategy, namely a Joint Venture with a Chinese entity.
- Advantages: easier access to public entities; access to current infrastructures and facilities; market knowledge; shared risk and investment (when compared to direct investment); more control and security to the club (when compared to a strategic alliance).
- However, there may be problems arising from the cultural difference or from potential conflicts of interest. Therefore, it is important to find the right partner, who shares the same values and strategic priorities.

(see Appendix 7: Entry Modes)

Recommended Products

China is at the moment engaged in competence acquisition. They are acquiring knowledge of how to run a football club, FIFA sponsorship in order to understand how the global governing body works, players in order to upskill their domestic force and, finally, improving the overall quality of their own players. Ultimately, this represents a opportunity for clubs to be involved in this process. (see Appendix 8: Recommended Products)

Core Business

- ✓ Football Schools
- ✓ Football Academies
- ✓ Coaches’ School
- ✓ Summer Camps
- ✓ “Inside Exports”
- ✓ Pre-season Tour
- ✓ Academies Consulting

Online

- ✓ Adapted online content

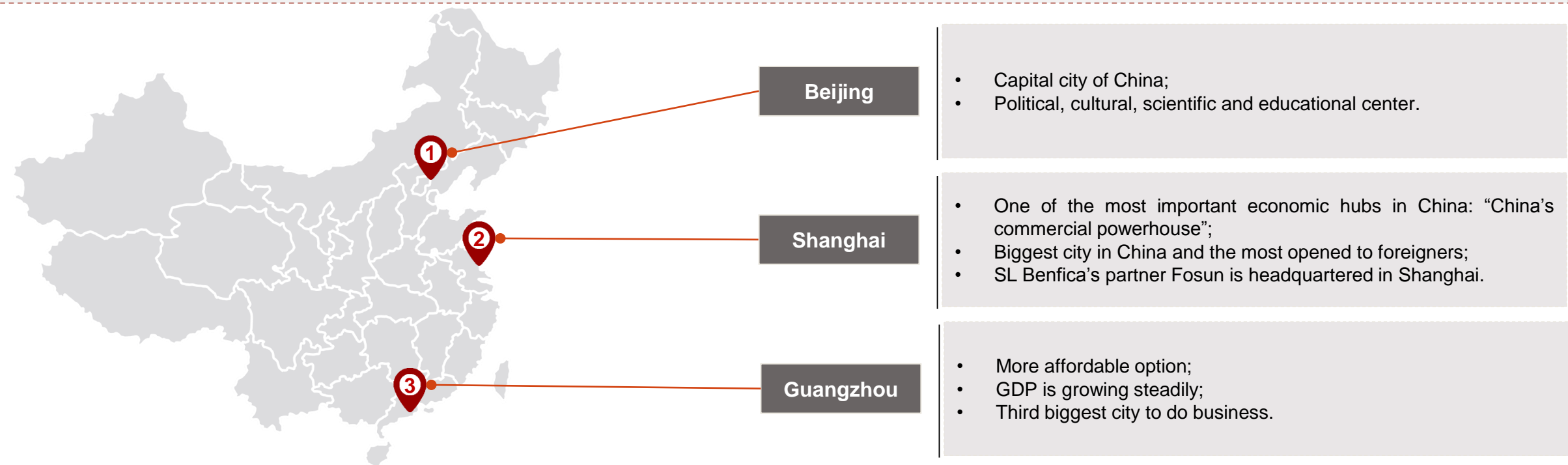
Others

- ✓ Broadcasting Rights
- ✓ Product Licensing
- ✓ Merchandising
- ✓ Sponsorship

An office shall be established in Shanghai, one of the most dynamic cities in China

7 | Internationalisation: China | Business Offices

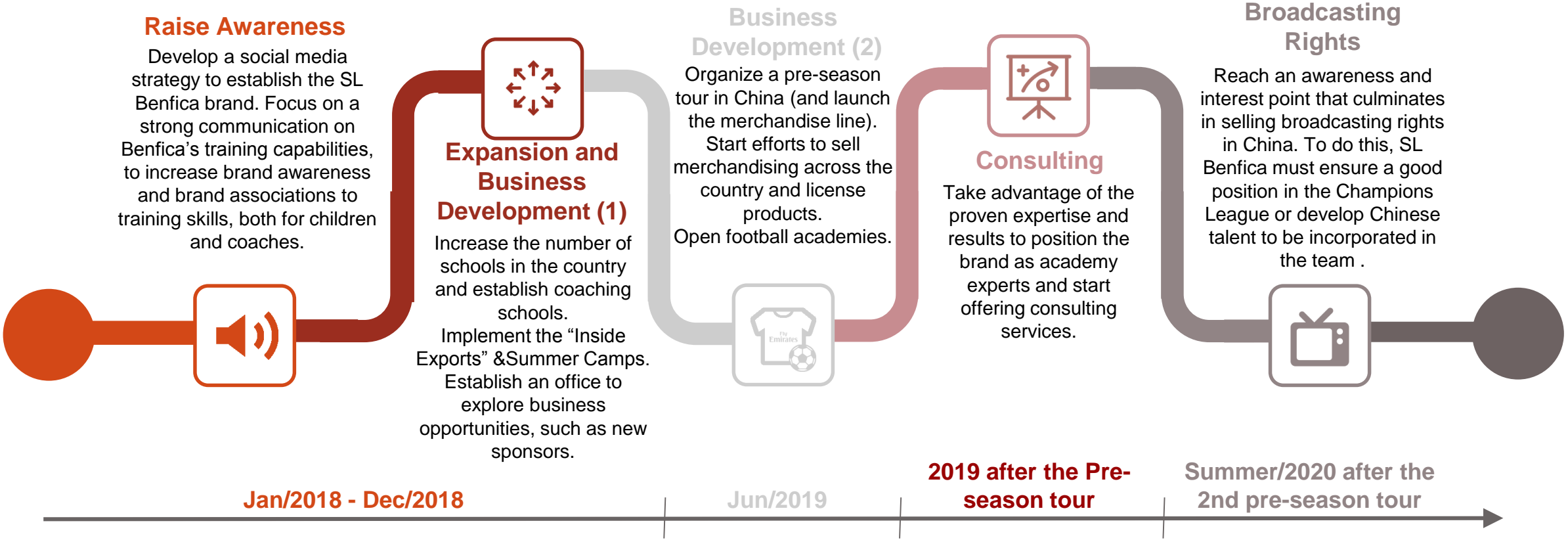
Following the reasoning of the other European Football Clubs already present in China, SL Benfica should locate its office in one of China's most business-oriented cities. Examples of these are Shanghai, Guangzhou or Beijing<sup>40</sup>. Having an office in China would allow Benfica to expand its brand, to intensify the contact with the fans and to explore new business opportunities (new sponsors) (see Appendix 9: Ownership and Partnerships).



Given that Shanghai is one of the most dynamic cities in China to do business and given that SL Benfica's partner (Fosun) is already headquartered in Shanghai, we recommend SL Benfica to locate its office in this city.

The internationalisation process of SL Benfica in China comprises 5 different stages that will culminate in selling its broadcasting rights

7 | Internationalisation: China | The Process



In order to achieve the proposed goals, the club needs to assess the availability and significance of digital, as well as its tools and platforms (see Appendix 10: Digital Overview). Throughout its communication strategy, SL Benfica should highlight the colour red, since besides being the colour of the club, it has a strong positive connotation in China, being associated to happiness, love and luck. Additionally, gold should be used, once it is a sign of gold and fortune.

\*The suggested dates assume that SL Benfica already has the necessary partnerships established at that time  
\*\* All these efforts must be continuously evaluated in order to assess the possibility of earlier internationalization in the USA

Due to internet restrictions, China has its own social media platforms. Weibo and WeChat are the most popular ones, with 340M and 889M, respectively

## 7 | Internationalisation | Digital Channels

Weibo <sup>34,41,42</sup>	Weibo is one of the most popular social network in China, counting with 340 million users, which correspond to 22% of the Chinese internet population. This is the social network to be used for brand awareness and viral content. In 2016, a video channel (Miaopai) and a live stream network (Yizhibo) were successfully launched – the first one counts with more than 2.5 billion videos watched daily, while the second one has over 1.5 million daily active viewers. In the football business, an increase of 50% was registered in the number of clubs on Weibo last year. Manchester United is the most followed club (8.8 million followers), but FC Bayern is the most engaging one. Main reasons that make Chinese fans to follow a particular club on this social network include: superstar players, performance in the league and club's history.
WeChat <sup>43,44</sup>	With over 889 million monthly active users, WeChat is a vital part of the Chinese people's life. In fact, Chinese users spending an average of over 63 minutes a day within the app. The platform has become similar to an official China membership. WeChat is extremely valuable for clubs since more than being a social network, it is a CRM platform. However, less than 50% of the teams have a WeChat account, being Manchester United the most popular one, with more than 700,000 monthly reads.
Live Stream <sup>34</sup>	In 2016, live streaming was the biggest digital trend in China, with over 200 live streams platforms being launched. Chinese live stream apps, incorporating virtual money, and demand for high quality video bring new revenue opportunities for football clubs. As an example, during its pre-season tour in China, Borussia Dortmund published a live stream to around 500,000 people partnering Penguin and Tencent sports. So far, less than a quarter of the teams have published a live stream online in China.
Website <sup>34</sup>	Having a localized website is mandatory for a successful online presence. The top 10 European clubs present in the country all have a Mandarin language website, while 19 teams have an official local site. By doing so clubs can monetize their presence, by centralizing all information, that can be used to activate and grow partnerships with Chinese companies. 2 different strategies have been used to develop websites in Mandarin: partnering with a Chinese media network to launch a local website, ensuring huge promotional benefits (the case of FC Bayern, Liverpool FC and AC Milan with Hupu Sports) or developing their own stand-alone site based a the global model.
E-commerce <sup>34, 29</sup>	Tmall, a B2C online retail platform, offers companies specialized management agencies, easy payments and deliveries, removing the need of managing all steps of sales. The only teams with a Tmall store are Tottenham Hotspur, Liverpool and Arsenal, and since last year, Bayern and Real Madrid. In total, 14 teams have a Chinese language online store, opening up additional revenue channels through official merchandise sales. (see Appendix 11: Online Shopping Behaviour)
Video <sup>45</sup>	Youku (China's equivalent of YouTube) is the leading video network in the country. More than containing individual user generated content, this network contains mainly professional content, allowing users to directly stream or download movies and TV shows. For football clubs, Youku is the most effective way to deliver video content to the Chinese football fans.

In order to raise awareness, the first stage of the communication strategy entails the creation of a website in Mandarin, the development of the Weibo page and the creation of a WeChat account

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## 7 | Internationalisation: China | Recommended Strategy – Raising Awareness

The first stage of the internationalisation process entails the development of SL Benfica's social media practices, in order to build up awareness across the country. Ultimately, SL Benfica needs to establish itself as a brand and generate brand interest and associations in accordance with its positioning.

**Firstly, Benfica should create a fully functional website in Mandarin.** This website must allow fans to follow the latest Benfica's news, as well as other local supporters. Also, an online store must be integrated for sales of merchandising. A possible website partner is Hupu, who has partnered with other football clubs.

### **In order to increase awareness, SL Benfica should build a strong Weibo page:**

Benfica's Weibo page should include different kinds of content, from articles, to funny and engaging stories and promotional material. Ultimately, content should be as follows<sup>34</sup>:

1. Create stories locally involving the Chinese culture to strengthen the connection between fans and the club, as consumers desire shareable and user friendly content (e.g. Arsenal created a video of a dim sum "cook-off" between two players, Aaron Ramsey and Nacho Monreal, which became a social media story and a Chinese national news item).
2. Offline-to-online experiences (e.g. Manchester United's China tour);
3. Highlighting important moments through video, since it is growing and has quite a high reach.

It is key for Benfica to recognize and take advantage of important events in China, such as the Autumn Festival, the Chinese National Day or the Chinese New Year, in order to strengthen bonds with the Chinese fans - paying respect to Chinese customs and culture is highly valued amongst fans (e.g. Real Madrid players wishing a happy Chinese New Year). Moreover, embedded QR codes should feature the Weibo, leading users to the WeChat account.

### **In this first stage, SL Benfica should create a WeChat account, to start developing its fan data base<sup>45</sup>:**

SL Benfica should post regularly on WeChat, given that 60% of the official accounts that post regularly are able to keep its fans engaged, while only 10% of the accounts that do not post regularly or who post content that fails to stand out can keep its followers.

SL Benfica should post at 9am and at 5pm, since this are the peak times for this social network. If the club creates content that is easily sharable, then posts should be done between 8am and 12pm or between 8pm and 10pm.

In the second stage, the communication is focused on the football schools and academies, and thus, targeted to children, children’s parents and potential coaches

7 | Internationalisation: China | Recommended Strategy – Expansion and Business Development Stage (1)

The second stage, in turn, requires finding children for the schools as well as possible customers for the coaching schools. Despite having two apparent targets at this stage, there is, however, a third stakeholder: children’s parents. These are the main decision-makers in their children’s lives and, therefore, need to be convinced of the advantages of playing football. In this sense, a part of SL Benfica’s communication strategy requires convincing them football may be not only a full-time job, rather than a hobby, but a successful career. In this stage, the Summer Camps and the opportunities to train in Portugal should be also communicated.

Mission	Increase the knowledge about SL Benfica and generate interest in the schools	Increase the knowledge about SL Benfica and generate interest in the schools	Increase awareness regarding the potential of football and opportunities as coaches
Market	Parents	Children	18-40 years old, with an interest in sports/wellness/wellbeing
Message	113 years of history towards building your child’s success	Find your place amongst the world’s biggest football stars	Discover your new career path and help build the future of China
Media	Digital (Website; Display; Search & Social Media; Email)	Digital (Website; Display; Search & Social Media; Email)	Digital (Website; Display; Search & Social Media; Email)
Money	High cost	High cost	High cost
Measurement	# of new players in schools	# of new players in schools	# of new coaches in schools



In this stage is also important to keep creating content for both Weibo and WeChat and to create a page on Youku, China's leading online video platform

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## 7 | Internationalisation: China | Recommended Strategy – Expansion and Business Development Stage (1)

### Weibo

In the expansion stage, SL Benfica should be consistent with the previous mentioned Weibo strategy. However, since this stage of the internationalization process involves the establishment of an office to gain new sponsors, the club's Weibo page should be adapted to this. Indeed, in case SL Benfica gets new sponsors, these should be highlighted with a close up of the sponsor's logo (e.g. Manchester United lucrative deal with Chevrolet was highlighted in the club's Weibo page by a close up of the shirt design).

### Video

Create SL Benfica's page on Youku.  
Create content about SL Benfica's tradition, exploring a club's museum digital tour.  
Include videos with SL Benfica's players training sessions and special content specifically designed for the Chinese people: create engaging, funny and Chinese-centred content, such as Arsenal's dim-sum cook-off.  
Create videos covering children's time in Lisbon, exploring their time playing in SL Benfica's football schools and meeting the SL Benfica team.  
Create videos showcasing Benfica's training capabilities and life at the club's academies, in order to further establish the club as a training expert.

### WeChat

1. It is key to understand the particularities of WeChat, which has evolved to becoming clubs' CRM platform in the country;
2. The type of fans clubs have on WeChat are far more engaged with them than Weibo followers. As such, SL Benfica is required to pay special attention to this channel, sharing content on a regular basis, more long form and more analytical;
3. Lastly, SL Benfica should make use of WeChat's additional features, namely the WeChat ads

In the third stage, SL Benfica should do Live Streaming and create a T-mall store. At the same time, the club should focus on creating engaging content across the several digital platforms

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## 7 | Internationalisation: China | Recommended Strategy – Business Development Stage (2)

The third stage, business development, focuses on promoting its pre-season tour and generate interest around its newly-launched merchandising line alongside it. Communication for the football academies will not be developed since the target are students already enrolled in football schools, and thus internal communication will be of maximum importance.

### **SL Benfica should take advantage of the pre-season tour to do Live Streaming**

To be successful in Live Streaming Benfica should:

1. Be authentic: demonstrate the real environment of the club, with honest footage, unrehearsed;
2. Use Benfica's best and well-known players;
3. Use a bilingual host.

### **Moreover, and since SL Benfica will be holding its pre-season tour in China, it should take advantage of the momentum to launch a dedicated merchandising line through its newly created T-mall store.**

To be successful in T-mall SL Benfica should:

1. Create stories with appealing headlines in order to get consumers to click on them to read - stories should include embedded links to products and Benfica's store on the platform;
2. Have a team ready to answer all questions from consumers about products;
3. Include different sections on Benfica's store, including new products, particularly about seasonal merchandising (e.g. Chinese National Day Benfica product);
4. Invest in ads during live streams of Chinese celebrities, with a direct link to SL Benfica's page or advertised product;

Alongside the previously selected channels, Benfica should continue its efforts on all previously described channels, but with the following differences:

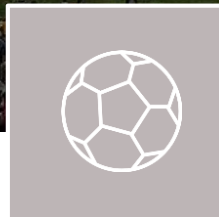
1. Focus more on engagement rather than awareness, creating shareable content, making use of the football schools' activities to generate content. Moreover, pre-season tour best moments should also be covered;
2. Create contest in partnership with current partner FlyEmirates in order to fly fans to SL Benfica's pre-season tour location and have a special "backstage" ticket for them;
3. Create Videos covering the best moments of the pre-season tour, with players feedback and thanking the Chinese fans for their support.

# UNITED STATES OF AMERICA



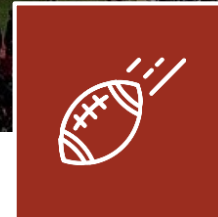
## Basketball

In the 2016/17 season, NBA registered an average number of spectators per match of 17 884 and an average rate of occupation of 93,2%<sup>46</sup>.



## Football

In the past 12 months, approximately 11M people watched a MLS match on TV<sup>47</sup>. Meanwhile, the Copa America final ,in 2016, accounted for 9,9M viewers in the US<sup>48</sup>.



## American Football

Although it is the 9th most popular sport in the World, it is the favourite amongst Americans, with more than 135 million Americans watching an NFL match on TV in the past 12 months<sup>47</sup>.



## Baseball

As the second most popular sport in the US, more than 88 millions persons watched at least a MLB match on TV, in the past 12 months<sup>47</sup>.

Sports has always been connected with American culture and the sports' industry is a great focus of the government. Based on revenue, the main sportive leagues are: the NFL (American football), NBA (basketball), MLB (baseball), NHL (ice hockey) and MLS (football)<sup>49</sup>.

Note: Although in the US football is called soccer, for the purpose of this report, soccer is always regarded as football.

The MX League is the most watched league in the US, whilst Football interest mostly falls into the English Premier League, when considering European Leagues

8 | Internationalisation: USA | Football in the USA

National Team

- Men’s national have failed to qualify for the World Cup 2018 in Russia;
- Women’s national team is ranked first in the FIFA Women’s Ranking<sup>13</sup>.

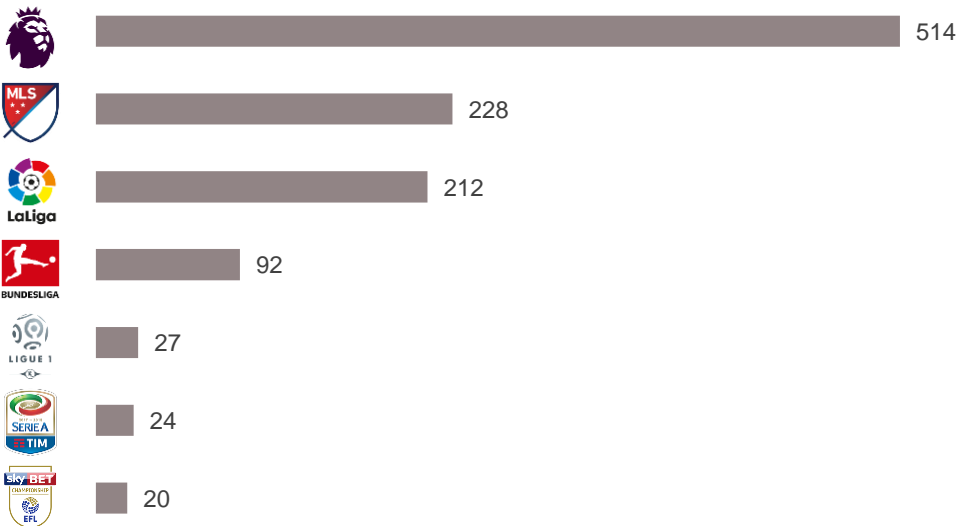
Structure

- No professional football league in the US currently uses a system of promotion and relegation<sup>50</sup>;
- MLS runs March-October, in order to avoid the harsh winter in some locations<sup>51</sup> and the competition of NBA and NHL that occur on fall-to-spring<sup>52</sup>;
- The MLS league functions as a single-entity organisation in which the intervenients’ contracts are possessed by the league. Every team has an investor-operator which is a league’s shareholder<sup>53</sup>;
- MLS wages are restricted by a salary cap, which aims at preventing teams’ owners splashing on players’ salaries and battling a competitive imbalance among teams<sup>54</sup>.

Viewership

- In terms of football viewership, the most watched league is the MX League. However, the match Club America vs Tigres registered more than 1.7 millions viewers in the United States. The English Premier League is the second most watched and only on the third position comes the local MLS<sup>55</sup>.

2015/16 European Football Leagues broadcasting results  
(thousands of viewers)



Source: World Soccer Talk - Most popular soccer leagues on US television - August 2016



The low political interference and the sportive culture in the US makes way for sport's internationalisation. Additionally, the US it is one of the most advanced countries in terms of technology

## 8 | Internationalisation: USA | Macro Environment: PEST

### Political/Legal

- Ease of doing business ranking 6 out of 190<sup>18</sup>. No considerable limitations were imposed by the federal government regarding the foreign investment in US in this industry<sup>66</sup>;
- The United States Olympic Committee invested 2.6M USD in the 4 years prior to the last Olympics to help the football athletes to win medals<sup>57</sup>;
- The US Soccer Federation launched a Digital Coaching Center in order to promote the coaching development<sup>58</sup>;
- Contrary to the role of European national federations, the US Soccer Federation is a non-profit organisation<sup>59</sup>.

### Social

- The population of the US is at this time slightly above 327 million people<sup>66</sup>;
- Regarding age, 15% of the population is 65 or older, 19% is younger than 15 and 66% is aged between 15 and 64. In 2016, 96,4% of men were involved in leisure and sports activities, compared to 95,3% registered by women<sup>61</sup>;
- Above 13 millions Americans play football in the US, being the third most played team sport<sup>67</sup>;
- 4 million children participate in youth football (highest participation in the world). However, these youth programs are not followed up by other competitive agenda, after school<sup>67</sup>.

### Economical

- In 2016, the GDP per capita in US was of 45 939,84 USD, higher than the one from the Eurozone (38 234,81 USD)<sup>60</sup>. Also, 42.2% of American households received 35 000-100 000 USD, in 2016, 27.7% of the households earned more than that and 30,2% less<sup>61</sup>;
- In 2016, the average American family spent 2.292 USD per year on sports<sup>62</sup>;
- College tuitions are rising. In fact, the cost of attending a private university in 2017 was of 46 950 USD, compared to 36 420 USD (out-state) and 20 770 USD (in-state)<sup>63</sup>;
- Colleges offer scholarships based on the athletic skills of students<sup>64</sup>. In 2016, 24 schools made no less than 100 million USD from their athletics' division<sup>65</sup>.

### Technological

- In 2016, the US registered over 287 millions internet users, whose utilization differs across different demographic clusters (increasing usage as income and education increases)<sup>68</sup>;
- 70% of smartphone users in the US accessed the internet through these devices, in 2016. Moreover, 50% of the total time US citizens spent on social media was on smartphone apps<sup>69</sup>;
- Of all internet users, 79% use Facebook, while 32% and 31% used Instagram and Pinterest respectively, followed by LinkedIn (29%) and Twitter (24%)<sup>70</sup>.
- 15% of Americans shop online on a weekly basis and 28% do it a few times a month<sup>71</sup>.

Football in the US is played almost equally by both genders and almost half of the young players are between 10 and 14 years old. SL Benfica has been growing its presence in the US, highlighting the 2015 pre-season tour

8 | Internationalisation: USA | Micro Environment: 3Cs

Since the US were nominated the World Cup host in 1994, the interest in football has been growing. However, the failure to qualify for the 2018 World Cup in Russia is seen as a setback, with some experts arguing a reform of the player-development system is needed to vault the country into the elite. Nowadays, SL Benfica touching points with the American culture are the 9 Casas do Benfica around the country as well as the presence of the young American player Keaton Parks in SL Benfica main squad.

Company in North America

- In 2007, SL Benfica signed Freddy Adu, one of the most promising American players. However, his impact on the team was not good and so, he only made 17 appearances on the first team<sup>72</sup>;
- In 2014, SL Benfica and Orlando City (a MLS club) announced a strategic partnership, which would strengthen the bond between the Portuguese team and the football in US<sup>73</sup>;
- In 2015, during its preseason tour, SL Benfica participated in the Champions Cup in North America, a friendly competition that gathers some of the best teams in the World;
- SL Benfica has 9 “Casas do Benfica” in the USA and 3 in Canada (Montreal and Toronto)<sup>74</sup>;
- On July 2017, SL Benfica signed a young American player, Keaton Parks; who was already part of the US under-20 team<sup>75</sup>.

Customer – “Who are they” and “What do they watch”?

Who plays?

- There are approximately 3 million registered players in the US Youth Soccer Association:
  - 52% are males and 48% are females<sup>76</sup>;
  - 37% are 10 years old or younger, 48% are in the 10-14 age group, 12% in the 15-17, and 3% in the 18-19<sup>76</sup>;
- There are more than 300.000 registered coaches, the majority of which are volunteers<sup>76</sup>.

Who watches?

- In 2014, 40% of MLS viewer base was 34 years old, or younger and 34% identified themselves as Hispanic and/or Latino<sup>77</sup>.

- In 2017, the average attendance to a MLS match was 22106, whilst in 2014, clearly showcasing a growth from the 2014’s 19151 attendees<sup>78</sup>. For instance, Atlanta United FC registered an average of 48200 in attendance<sup>79</sup>.

European Football:

- Amongst the favourite competitions, as mentioned, the English Premier League is the one that generates more interest, followed by the UEFA Champions League, MLS and the Spanish La Liga. The most popular clubs are Manchester United, Chelsea FC, FC Barcelona and Real Madrid<sup>77</sup>;
- The average audience of the last Champions League final was of 3 million people, which represents less than 1% of the total US population<sup>80</sup>. The matches start from 9:45am to 2:45pm, depending on the state.

The majority of European football clubs are present in the USA through the development of academies and summer camps. Only Manchester City went a step further, by buying a MLS club in 2013

8 | Internationalisation: USA | Micro Environment: 3Cs

European football clubs are internationalising to the US seeking new fan bases, consequently, new sources of revenue. To do this, besides preseason tours, the clubs are also focusing on the youth football development, namely through the creation of academies and summer camps.

Competitors - Physical Presence

- European clubs such as FC Barcelona, Liverpool FC and Arsenal have for quite some time now been sending coaches to work at the US summer camps<sup>81</sup>;
- Liverpool FC and Bayern Munich are more established European clubs in the US through youth academies. More recently, FC Barcelona and Arsenal have been making their way into this top performing group<sup>81</sup>;
- During the International Champions Cups, during the Summer, many European football clubs are invited to the country to play friendly matches;
- Bayern Munich and FC Barcelona recently opened offices in New York<sup>82</sup>;
- In 2013, City Football Group (owner of Manchester City) bought a MLS club and renamed it New York City, in a partnership with the New York Yankees<sup>83</sup>.

Competitors - Online Presence

- NBC Sports launched a digital streaming subscription service (Premier League Pass) that allows football fans to watch Premier League matches deprived of needing cable or satellite subscription, by paying 50 USD per season<sup>84</sup>;
- Bayern Munich’s members usually serve as influencers to produce content on a weekly basis for its US Facebook and Twitter accounts<sup>83</sup>;
- Manchester United launched an app in February 2017 that brings its MUTV channel to 165 countries (including USA)<sup>85</sup>.



The quality of SL Benfica’s youth development and training is a differentiating factor that may be leveraged in the club’s internationalization process to the US market

8 | Internationalisation: USA | SWOT

Strengths

- 9 “Casas do Benfica” already established in the US;
- The know-how and experience in coaching;
- Widely recognised UEFA youth league top performer and winner of “The Award for the best academy of 2015”, in Dubai;
- International sponsors give an endorsement to the brand (namely Fly Emirates);
- Sizable Portuguese communities living in the US.

Opportunities

- Colleges often offer scholarships based on the athletic skills of students;
- Families exhibit a high willingness to spend on sports<sup>62</sup>;
- Over 13 millions Americans play football in the US;
- 4 million children participates in youth football;
- Football is largely practised amongst young females. Indeed, the women’s national team is considered to be the best in the world<sup>76</sup>.

Weaknesses

- The Portuguese League does not get as much attention as the Big Five leagues. Indeed, it is considered to be just a “breeding ground for talent” to the main leagues;
- The capacity to invest is lower, when comparing to the competitors.

Threats

- Football is not deeply embedded in the American culture as is in Europe;
- Competitors are already established on the marketplace;
- Men’s national team did not qualify for the World Cup 2018 in Russia.

FC Barcelona is one of the European clubs with the greatest presence in the US, having preseason tours, summer football camps and football schools & academies

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## 8 | Internationalisation: USA | Best Practices

### FC Barcelona

- The last FC Barcelona US Tour (2017) was made in New York, Miami and Washington with 3 well-known ambassadors, Juliano Belletti, Thierry Henry and Rafael Marquez that participated in different promotional acts during the tour. The tour was accompanied by social media coverage including players and games highlights, events and match reports<sup>86</sup>;
- The Spanish club has 9 summer camps for children spread across the country<sup>87</sup>.
- Additionally,. FC Barcelona has been building and developing several Football Schools and Academies throughout the country through franchising agreements<sup>87</sup>.
- Nevertheless, the club is planning to develop a new Barça Academy in New York, more specifically in King's Park, with a potential market composed by around 184.000 children under the age of 14. Such academy will work under a joint venture in conjunction with Prospect Sports Partners, an American real estate company. FC Barcelona will not have to invest in any construction of the facilities, they only have to send a team of coaches trained by the club to make sure all the processes are according to the club's image. Such joint venture will last 10 years with the option of another 10. In addition, the club will get 15% of the income generated in the form of royalties for the use of the brand as well as 50% of the profits generated overall by the project, which has two main goals: the sporting aspect and the brand. The first is due to the fact of this academy having the potential to be a reference to young and talented North American players. Secondly, the brand can also be leveraged since it is gaining awareness in an emerging football market<sup>88</sup>.

(see Appendices 12 & 13 Best Practices for further examples)

The chosen entry mode for SL Benfica in the US is Joint Venture, especially to keep control of operations as well as to exploit the already existing infrastructures

## 8 | Internationalisation: USA | Recommended Entry Mode and Products

### Cooperation Strategy - Joint Venture<sup>39</sup>

- Because US sports' infrastructures are advanced, any real improvement means investing huge amount of resources. Due to the limited financial capacity of SL Benfica, Direct Investment is excluded from the pool of options.
- The main competitive advantage of the club is the development of youth players. Therefore, SL Benfica needs to have a greater control to make sure the right methodology is applied. Thus, licensing cannot be considered a feasible entry mode.
- The lack of local awareness and the pressing need to ensure the process is working efficiently lead to the fact of a cooperation strategy being the right entry mode for the internationalisation in the US and, more specifically, a joint venture.
- The choice of Joint Venture, in disregard for Strategic Alliance, is due to the higher level of control offered. Also, with such option, there will be a shared risk and investment.

(see Appendix 7: Entry Modes)

### Recommended Products

The interest for football in the US has been increasing in the past few years<sup>67</sup>. As such, there is a clear opportunity for European clubs to develop youth football schools and academies in North America, starting with the enhancement of local awareness and then the continuous addition of services. (see Appendix 8: Recommended Products)

#### Core Business

- ✓ Football Schools
- ✓ Football Academies
- ✓ Coaches' School
- ✓ Summer Camps
- ✓ "Inside Exports"
- ✓ Pre-season Tour
- ✓ Benfica LAB
- ✓ Personal Trainers

#### Online

- ✓ Adapted online content

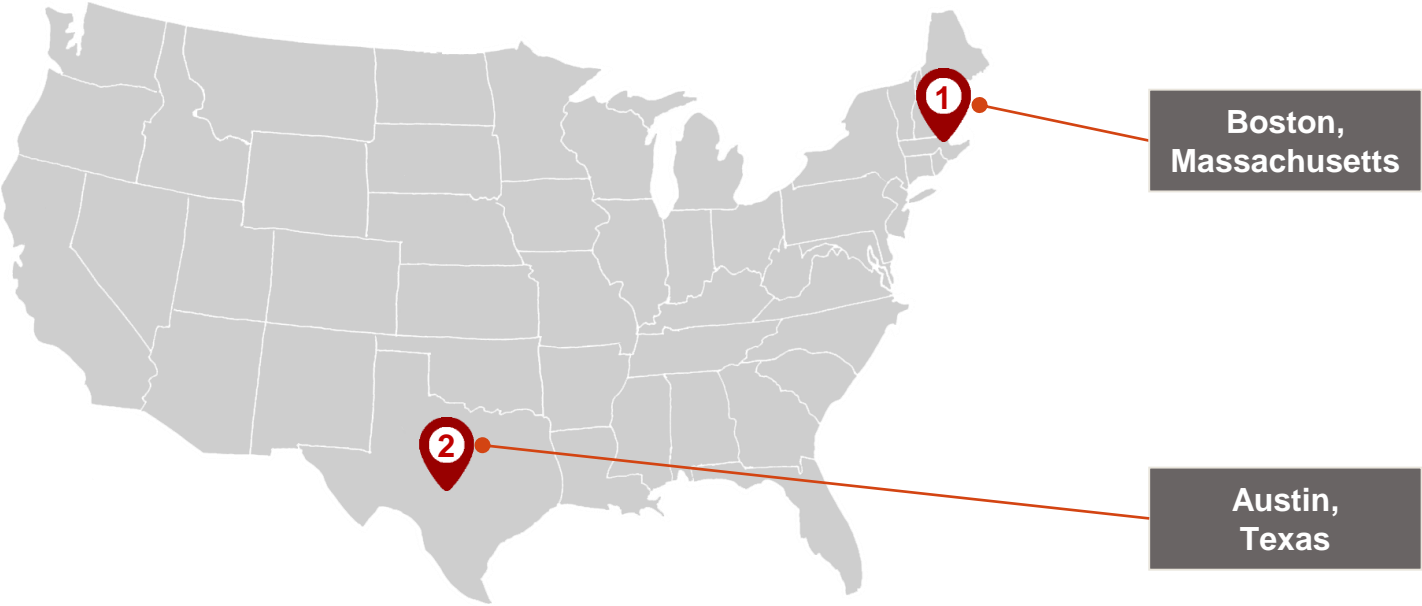
#### Others

- ✓ Broadcasting Rights
- ✓ Product Licensing
- ✓ Merchandising
- ✓ Redesign *Casas do Benfica*

Boston and Austin are considered to be potential options for the location of the business office as well as of the football schools, by taking into account capital investment capability and customer demand

## 8 | Internationalisation: USA | Business Offices

The establishment of a Business Office in the US would be essential to find local partners and, potentially, new sponsors. As such, the location of this office and of Football Schools will depend on two factors: capital investment capability and customer demand.

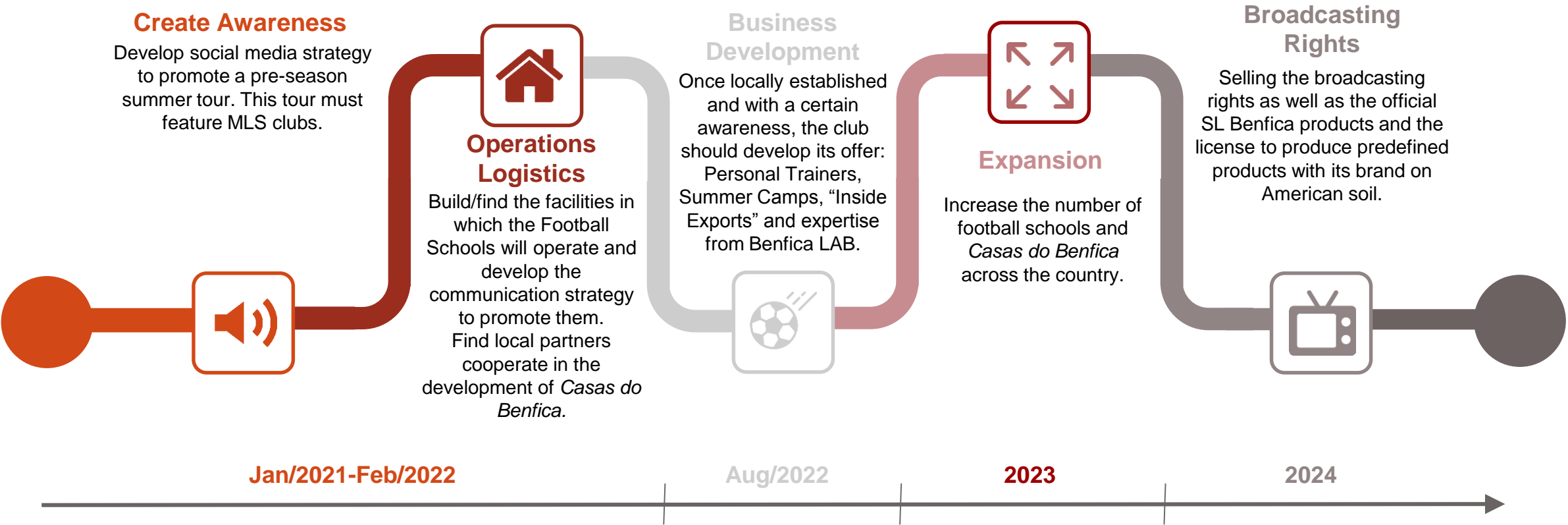


- Boston ranks third in the most dynamics US cities, according to JLL City Index 2017, which measures several metrics from R&D to corporate activity and property prices<sup>89</sup>;
- The Boston-NY-Washington Corridor, along with the Bay Area, account for around two-thirds of all venture capital investment across the country<sup>90</sup>;
- The state has the largest number of residents with Portuguese ancestry<sup>91</sup>;
- Boston has a historical sports culture, due to MLB's Red Sox, NBA's Celtics and NFL's NE Patriots.

- According to the same JLL City index, Austin ranks second among US cities<sup>89</sup>;
- The state was considered to be the second best for doing business in 2017, due to its economy size (1.6 trillion USD, second biggest) and current economic climate<sup>92</sup>;
- The football interest in Texas is one of the highest registered in the country, mainly due to the fact that 39% of its population considered themselves as hispanic/latino<sup>93</sup>.

Once the internationalization for China is in a more advanced state, SL Benfica should start to enhance the local awareness in the US

8 | Internationalisation: USA | The Process



In order to achieve the proposed goals, the club needs to assess the availability and significance of digital, as well as its tools and platforms (see appendix 14).

\*The suggested dates assume that SL Benfica already has the necessary partnerships established at that time  
\*\* The possibility of earlier internationalization in the USA needs to be assessed alongside developments in China

The international *Casas do Benfica* required a new concept , which will consist in the development of community centers in order to attract American people

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## 8 | Internationalisation: USA | Redesign *Casas do Benfica*

In order for the SL Benfica brand to gain awareness within the US, the role of international *Casas do Benfica* is essential and, thus, this need to be redesigned and are in need of a new concept, aligned with the “America way”.

### New Concept

- Nowadays, the international *Casas do Benfica* are mainly for SL Benfica’s supporters from the region, serving as a meeting place to watch the club’s matches. This current concept is essentially to attract people with Portuguese roots that have already an attachment to the club. As such, the new concept of these *Casas do Benfica* will consist in the development of community centres (located near the football schools) where people can gather.
- Having this, such redesign of the facilities must happen along with this new concept, which has to be aligned with the interests of a broader target group, although never forgetting that the main goal is to locally increase the awareness of SL Benfica’s brand. As such, the decoration would feature with famous SL Benfica players, such as Eusébio, Rui Costa or, more recently, Pablo Aimar.
- This centre would also be a place where several sports events would be broadcasted. This way, the Portuguese living in the region could still meet to watch SL Benfica’s matches, and at the same time, Americans would also be able to take advantage of it, by showing other events on a daily base.
- This new concept of *Casas do Benfica* should also consist in a pick-up point for the merchandising ordered via online and a point-of-sale itself.

After being locally recognized, SL Benfica can develop its services’ offer by adding football personal trainers for young athletes and the transmission of the know-how from Benfica LAB to other clubs

## 8 | Internationalisation: USA | New Products

Only when SL Benfica is locally established and achieves a favourable awareness level, may it consider expanding its actions to business development meaning, the creation of new services.

### Personal Trainers

- American colleges are known for offering several athletic scholarships to talented students in order for them to compete in college leagues<sup>64</sup>;
- Thus, there is a potential segment that consists of student with aged between 16 and 18 that may benefit from becoming better athletes in sports, such as football;
- Under this scenario, the SL Benfica’s Football Schools could offer the services of a personal trainer (someone attached to the School) that would give personal advisory on football related aspects;
- This way, the athlete can improve in order to be able to be selected for the athletic scholarship from a certain college.

### Benfica LAB

- Benfica LAB is a club department that works with the players in the CFC and exploits athletes’ data to enhance their performance<sup>94</sup>;
- It is known to be one of the keys for excellence of the club’s youth academy. Indeed, it was recognized by Wired and Microsoft Cloud to be one of the drivers for SL Benfica’s success<sup>94</sup>;
- In sportive terms, the American culture aims for excellence, hence the investment made for the 2020 Olympic Games<sup>57</sup>, in Tokyo, and Americans are quite technology-driven, making this the perfect combination between athletic excellence and tech;
- As such, SL Benfica could “sell” the know-how and expertise on linking technology to football with American clubs.



Facebook is the most popular social network in the US, with over 200 million users. Twitter and Instagram are the following channels in terms of popularity

8 | Internationalisation: USA | Digital Channels

Facebook	This social network is the most popular among Americans, with over 214 millions citizens registered <sup>95</sup> . From the total Facebook users in the US, around 52 million are between 25 and 34 years old, whilst 38 millions are in the 18-24 age group and 6 millions in the 13-17 <sup>95</sup> . In what regards online content from football clubs, Premier League are the clear leaders, due to the absence of language barriers. Nevertheless, Real Madrid and Barcelona have their Facebook posts written either in Spanish and English. Also, some other clubs have on their Facebook page the option to switch between regions, like for example Bayern Munich, where the user can choose between posts in German or other one, namely English.
Twitter	Despite the fact that Twitter is not considered a popular social network amongst European citizens, it is one of the top favourite ones in America, having around 68 millions users in the country <sup>96</sup> . Regarding its usage by European football clubs, in general, every big club owns more than one account, being the language in which the tweets are written the main different between them. For instance, Bayern Munich, Real Madrid and Barcelona have accounts in their native languages: English, French and Arabic.
Instagram	Instagram is gaining relevance in the American panorama; it is forecasted that its number of active users in the US will jump from the 85.5 millions to 111.9 millions in 2020 <sup>97</sup> . In terms of content, the main European clubs are writing their posts both on their native language and in English. Specifically for the American market, Real Madrid chose the matches' locations of its US exhibition tour during the Summer of 2017 through the Instagram fans data, since it allowed to understand where were the biggest communities that supported the Spanish club in America and, consequently, enabled Real Madrid to achieve a certain "home field advantage" <sup>98</sup> .
LinkedIn	Around 95 million Americans have a LinkedIn profile. In addition, the majority of European clubs have profiles in this social media <sup>70</sup> . For instance, FC Barcelona often shares content related with its sponsors (Nike, for example), news about the football market and videos regarding the "Barça" culture. At the same time, Manchester City is promoting its coaching degree. Meanwhile, Arsenal FC is publishing its job vacancies on their profile.
Snapchat	Currently, it counts with around 70,4 million active users in the US from a total of 178 million daily users spread worldwide. It is considered to be the number one social network app among teenagers and young adults in the United States, with a penetration of 79% among the internet users from this group, closely followed by Facebook with 76% <sup>99</sup> . In the beginning of 2017, Snapchat partnered with 13 European top-tier clubs. The partnership consisted on allowing the respective club's' fans to apply real-time lenses on themselves, by virtually painting their faces with the colours and logos of each team <sup>100</sup> . This gave fans a dynamic and a fun way to show support to their teams.
E-commerce	The retail e-commerce sales in the United States amounts to over 409 million USD. The majority of European clubs use a local partner in order to sell merchandising through the internet to Americans. Real Madrid, Manchester United and Manchester City partnered with Fanatics, a global leader on the licensed sports merchandise market, by selling the products through different channels such as online, phone, stores, stadiums and on-site at world's biggest sporting events to 180 different countries, namely in he US. In the first year the revenues increased 93% <sup>101</sup> . (see Appendix 15: Western Online Shopping Behaviour).

In order to create local awareness, SL Benfica should start to produce content in English and, additionally, with a pre-season summer tour throughout the US

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## 8 | Internationalisation: USA | Recommended Strategy – Creating Awareness

Similarly to the recommended strategy in the internalisation to China, the fourth and fifth stages in the US plan will not be covered due to the fact of its dependence upon the performance results of SL Benfica as well as of the Football and Coaches' Schools developed on the second stage. The first stage of the US process is to communicate a pre-season tour across several American cities. For the success of the first stage, the local communities have to be aware of such tour.

To begin with, SL Benfica should **create a “surrogate” Facebook page** (similarly to the Bayern Munich's one) in which the region in which the user lives would have an impact on the **language in which the Facebook posts are written**. With this surrogate, it would be possible to maintain the content in Portuguese for the Portuguese-speaking people and in English for the remaining.

Another recommendation consists on **improving the website's English translation**. The current one contains some mistakes that can harm the brand image.

Moreover, through the Instagram and Facebook fan data, the club should check what are the regions in the US with bigger communities of fans. This way, it would be possible to schedule the Pre-Season tour in order to visit these communities and having a higher attendance on the friendly matches.

What type of content should Benfica have?

1. Shareable content like videos that can feature the players promoting this pre-season tour;
2. Local events in partnership with Adidas advertising for the tour.

Once the cities are chosen, the club should be aware of the difference in time zone when launching the mentioned content in order to have the maximum reach among locals.

SL Benfica should also **promote its English Twitter account** in order to have more followers updated with the latest news.

Regarding Instagram, the club should test to **write posts also in English**.

Once the football and coach schools are established, SL Benfica should promote them to the young players, to their parents and to potential coaches

8 | Internationalisation: USA | Recommended Strategy – Expansion Stage

Once the the partnerships with local entities are already in place and the required facilities able to be used, it is time to communicate about them to the targets. Similarly to China situation, the target customers are persons interested in coach training as well as children and the respective parents, since they are the main decision-makers. During this stage, the communication has to be transmit the advantages of playing and coaching football. In addition, the high quality of SL Benfica’s youth academy has to be promoted.

Mission	Increase the knowledge about Benfica and generate interest in the football schools	Increase the knowledge about Benfica and generate interest in the football schools	Increase awareness regarding the potential of football and opportunities as coaches
Market	Parents	Children	18-40 years old, with an interest in sports/wellness/wellbeing
Message	World’s Best academy to achieve your child’s dream	You are the next generation of football stars	Learn from the best to become the new Special One
Media	Digital (Website; Display; Search; Social Media - Facebook, Instagram & Snapchat; Email)	Digital (Website; Display; Search; Social Media - Facebook, Instagram & Snapchat; Email)	Digital (Website; Display; Search; Social Media - Facebook, Instagram & Snapchat; Email)
Money	High cost	High cost	High cost
Measurement	# of new players in schools	# of new players in schools	# of new coaches in schools

SL Benfica should develop its services' offer and promote them through different channels, depending on the respective targets

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## 8 | Internationalisation: USA | Recommended Strategy – Business Development Stage

On the business development stage, dependent of the success of the previous phase, the club should develop its local business. Having this and with already a certain local awareness, the club can offer summer camps and “inside exports” with the respective communication. Additionally, SL Benfica can also offer the services of football personal trainers to young students that desire to gain a athletic college scholarship. Finally, the club can also “sell” the know-how and expertise of Benfica LAB to clubs of higher recognition among US citizens, especially to the MLS ones.

To get new sponsors in American soil, SL Benfica can leverage its presence in LinkedIn through targeting ads to companies. Additionally, it is important to identify key individuals in the corporations and develop a relationship with them, by showing a genuine interest in their activities and sharing their content.

Regarding the summer camps, the target are parents and children and the message has to transmit the SL Benfica's experience. To promote it, the club should create content such as videos featuring the children from the football schools having fun. To reach the parents, this content would be posted either on Facebook as well as on Instagram, and to reach the children, Snapchat has to be taken into account.

With “inside exports”, the club intends to target the most promising youngsters and their respective parents in order to bring them to SL Benfica's training facilities in Lisbon, aiming at providing the full experience of being a player from one of the best academies. Moreover, the goal is also to target adults that want to become professional football coaches, for them to know the facilities and training methods of SL Benfica's youth academy and, ideally integrate them in the training staff of the club's football schools (as well as academies) in American soil. As such, the content has to promote the high quality of the youth academy in Lisbon as well as the potential advantages that the three targets can take from this experience.

To what football personal trainers may concern, the promotion of this service must take into consideration that the target are teenagers and so, Snapchat and Facebook must be two of the means to do it.

Lastly, the “sale” of know-how and expertise from Benfica LAB and the way technology can be incorporated on the youth football development is a service that has to be communicated directly to the local clubs.



# INDIA



## Cricket

Cricket is undoubtedly the most popular sport in India. The 2015 cricket world cup was watched by a total of 635 million Indians; India has won 2 world cups and 2 ICC Champions trophy championships.<sup>102</sup>



## Football

It is the second most popular sport in India and has been growing steadily; The Indian national team is not well ranked in international football (105th out of 211 in the FIFA rank).<sup>103</sup> However, the country has a lot of interest in the sport (i.e.: organized the U17 World Cup in 2017).<sup>104, 105</sup>



## Field Hockey

Field hockey is the Olympics national sport in India, being one of the countries with highest success in the male competition (8 gold medals in the Olympics).



## Kabaddi

Sport originated in ancient India and widely practiced in the country due to simplicity and inexpensiveness.

India has always shown interest in sport with the most popular being cricket, football, hockey, kabaddi.<sup>102</sup> Other relevant sports in the country are badminton and tennis.<sup>106</sup>

India has 2 main approved football leagues that compete to become the number one league of the country

## 9 | Internationalisation: India | Football in India

### Indian Super League



10 teams

Teams specifically created  
for the league  
in a franchising style, similar to MLS

### I-League



I-League 2nd  
Division



### National Team

- “The Blue Tigers” (Men’s national team) are ranked 105 in the FIFA ranking and did not qualify for the World Cup. It was qualified for the 2019 AFC Asian Cup; <sup>107</sup>
- Recently held the 2017 FIFA U-17 World Cup (the first FIFA event ever to be hosted by India) with Luís Norton de Matos as head coach of the U-17 Indian squad. <sup>108</sup>

### Structure

- The Indian Super League (ISL), founded in 2013, is comprised of 10 teams and, starting from the 2017–18 season, will run for 5 months, lasting from November to March; <sup>110</sup>
- I-League, with 10 teams, operates on a promotion and relegation scheme with the I-League 2nd Division along with a structure of direct-entry. The competition lasts from January to May;
- Both ISL and I-League are approved by the AIFF (Indian Federation) and are “competing” to be the number one league of the country. <sup>111</sup>

### Viewership

- Indian coverage of foreign football leagues is aired exclusively on pay-TV, in a highly fragmented TV viewing market; <sup>112</sup>
- Sony Six owns the broadcasting rights for FIFA World Cup, Copa America, UEFA Champions League, UEFA Europa League, The FA Cup, Italian Serie A and La Liga; <sup>113</sup>
- Star Sports has the broadcasting rights for the English Premier League - the most watched foreign football league with around 2,5% viewership among the total Indian population. <sup>114</sup>



Prone to international business and technologically advanced, India is the 2<sup>nd</sup> most populous country in the world and was the fastest growing economy in 2016

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## 9 | Internationalisation: India | Macro Environment: PEST

### Political/Legal

- Current government is prone to international business and has exhibited some relaxation and ease of external investment laws; <sup>115</sup>
- Ease of doing business ranking: 100 out of 190. Chief Limitations are “Starting a Business”, “Registering Property” and “Enforcing Contracts”; <sup>116</sup>
- Labour regulations are stringent and complex with several issues related to cultural predispositions that make the legal system quite unsteady and unreliable; <sup>117</sup>
- Sports minister Rajyavardhan Rathore has a plan to revive national level inter-school and inter-collegiate competitions in all sports. <sup>118</sup>

### Social

- 2<sup>nd</sup> most populous country in the world, with over 1.34B inhabitants (33% live in urban areas);
- Unparalleled pool of educated, hard-working and skilled workers;
- Wealth distribution: more than a million Indians are millionaires, but around 35% of the population lives below the poverty line; <sup>121</sup>
- Football is the second most watched sport in India, after cricket. The sport's viewership has been growing by 134% since 2011 and 26% of the people between 16 to 69 years old watch it;
- Infrastructure's' lack of quality, as well as insufficient security & safety in some areas. <sup>122</sup>

### Economical

- Fastest growing economy in the world in 2016; <sup>119</sup>
- One of the world's largest markets for manufactured goods and services; <sup>120</sup>
- Rapidly escalating middle class: During the period between 2015 and 2030, the Indian median income per household is expected to grow by 89,8%, reaching 90million households in 2030;
- Elimination of the Foreign Investment Promotion Board, which revised foreign investment programmes as well as implementation of several incentives for external investment.

### Technological

- India's online market is expected to surpass 635M users by 2021;
- In 2016, digital buyer penetration was 43,8% and annual retail e-commerce sales were USD 6,8B, with an annual growing expected rate of 12%; <sup>123</sup>
- Indian society presents concern regarding e-commerce, such as online and mobile payment (preference for cash on delivery);
- There are 153 million social media users, being 130 million of them by mobile; <sup>124</sup>
- The most used social media sites are YouTube, Facebook, Google Plus, Twitter, Instagram, LinkedIn, Pinterest, WeChat, and Snapchat, in order of penetration.

SL Benfica is not yet officially in India but there are some contact points like friendly matches, former SL Benfica coaches coaching in India and unofficial Casa do Benfica

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9 | Internationalisation: India | Micro Environment: 3Cs

Company
<ul style="list-style-type: none"><li>• There is no official relation between the club and India. However, there are some points where both Benfica and the country have had contact, namely:</li><li>• Two India U17 vs Benfica U17 friendly matches in 2017 as part of the team’s exposure trip to Europe; <sup>125</sup></li><li>• Champions League games are transmitted by Sony Six - the largest viewed sports television operator in India; <sup>126</sup></li><li>• Indirect relation: Luis Norton de Matos, former Benfica B coach is now the national head coach for the Under-17 and Under-19 India’s squads;</li><li>• Unofficial Casa do Sport Lisboa e Benfica in Goa.</li></ul>

Football is considered the game of the newest generations in India and counts with a cumulative viewership of 47 million

9 | Internationalisation: India | Micro Environment: 3Cs

The Indian “Customer” can be divided in three different categories. Children, adolescents and young-adults (in “Fans” category) are the ones who are more prone to engage with SL Benfica. The biggest opportunities in “Media” and “Corporations” categories are sports broadcasters and national Indian companies, respectively.

Customer - Fans

- Regarding the football market in India, the fanbase between 16 and 69 years old belonging to the metropolitan area accounts for 94.8 million people, which represents 36 percent of the overall population<sup>128</sup>;
- Cricket was the sport of the parents. Football is the sport of the sons; <sup>129</sup>
- With a cumulative viewership of 47 million, the FIFA Under-17 World Cup had garnered the highest viewership among international football tournaments broadcasted in India; <sup>130</sup>
- FIFA World Cup reached an audience of 85.7 million viewers with an average of 1.3 million. <sup>127</sup>

Customer - Media

- STAR India, the broadcaster behind the soccer league, invested \$3.2 billion in sports in 2013; <sup>127</sup>
- In India, sport is mostly followed through media. And, among the media, television is by a long way the most regularly chosen in order to have access to the information thus, attaining a huge bargaining power when it comes also to football broadcast rights. <sup>127</sup>

Customer - Corporations

- In December 2010, the All India Football Federation established a €90m 15-year deal with IMG-Reliance, giving them all-exclusive access to commercial rights and full freedom to create ISL; <sup>132</sup>
  - Because sport has a vast influence on the society, several businesses are attracted to this high-potential platform, which created an overall investment \$1.83 billion in this market in 2014; <sup>132</sup>
  - Hero MotoCorp has renewed its title sponsorship deal with Indian Super League, where it will shell out \$25 million in the next three years. <sup>131</sup>
- (see Appendix 16: Customer: Ownership and Sponsorship)

Several European football clubs are present in India both physically and online with the English league clubs highlighted

9 | Internationalisation: India | Micro Environment: 3Cs

Foreign clubs have recently been establishing football academies in India with the intention of seizing the untapped potential of its football, leveraged on the popularity that foreign (mostly European) leagues have within the Indian population.

Competitors - Physical Presence

- Besides international academies and football schools, there is also a relevant number of national academies available in different regions; <sup>133 134</sup>
- Liverpool FC- official academy that trains students and coaches; <sup>133</sup>
- PSG - partnership with educational institutions; partner company with exclusive agreement for running and developing the football schools; <sup>133</sup>
- Barcelona FC- partnership with educational institutions; official football school; <sup>133</sup>
- Boca Juniors - collaboration with Bangalore FC; <sup>133</sup>
- Arsenal FC - partnership with India On track for comprehensive football grassroots development programmes; has football schools in three different regions; <sup>133</sup>
- Manchester United FC. - partnership with Western Indian Football Association (WIFA); for footballers and coaches; official café/bars in Delhi and Mumbai; <sup>133</sup>
- Manchester City FC- Football School in Lavasa and agreement with Lavasa City; <sup>133</sup>
- The ISL’s franchise system generated attraction from two of the top European clubs - Atlético Madrid and ACF Fiorentina. Both clubs own a part of the ISL clubs FC Pune and Atletico Kolkata (ref: Atlético dropped out). <sup>135</sup>

Competitors - Online Presence

- Manchester United FC has partnered with HCL Technologies as its indian digital partner to develop a bundle of digital offering that will help the club to forge deeper ties with its fans; <sup>136</sup>
- Chelsea FC has partnered with WiPro as its digital partner to enhance fans’ digital experience. Although this is a partnership that is to be applied globally it is quite important because the brand has a strong name in India and the awareness generated by the partnership drives Indian viewers to want to have a relationship with Chelsea FC as well. <sup>137</sup>
- Nationally, East Bengal is the club with most online fans with over 1,37Million fans which is almost 6 times the number of fans of the next biggest online player (Shilong la jong with 247K). Indian clubs have good engagement rates and a lot of interaction with fans on social media. <sup>138</sup>

SL Benfica needs to leverage its know-how and experience in coaching and football capabilities to grasp the opportunities in Indian football while minimizing its lack of relations in the country and lack of attention

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## 9 | Internationalisation: India | SWOT

### Strengths

- Know-how and experience in coaching;
- Top 3 UEFA youth league and winner of “The Award for the best academy of 2015”, in Dubai; <sup>139</sup>
- International sponsors give an endorsement to the brand;
- Regular presence on Champions League, meaning broadcasting some of the games in the country.

### Opportunities

- Numerous football fans and still growing;
- 2nd highest viewed game in the country;
- Untapped market for academies and merchandising;
- Interest from the government to develop football; <sup>140</sup>
- Foreign talent being incorporated and leading to an improvement of the league.

### Weaknesses

- Less financial capacity for investment when compared to other clubs;
- Portuguese league does not get as much attention as the Big Five being almost virtually unknown;
- Neither historical nor official ties/relations with the country.

### Threats

- Political interference;
- Emergence of other leagues (hockey, badminton);
- Strong interest and relation with British culture and league that strongly differ from Portuguese culture;
- Little interest from international brands;
- Weak football culture in the country; <sup>129</sup>
- Other football clubs already established in the market (academies). <sup>133</sup>

Competitors have gained engagement on social media towards directed marketing strategies and establishments of football schools and academies

## 9 | Internationalisation: India | Best Practices

### Liverpool FC International Academy

- Liverpool has one of the highest level of popularity among the football clubs in India. The club has made several efforts to penetrate and gain this market: there is a lot of engagement on social media directed towards the Indian market specifically; they post photos with screening times and places in the country where you can watch the games;<sup>141</sup>
- On the other hand, Liverpool has a partnership with DSK Shivajians, where one academy was established in DSK Dream City, Pune, Maharashtra, with accommodation, gym, cafeteria, swimming pool and state of the art football facilities.<sup>141 142 143</sup>

### Paris Saint-Germain Academy India

- Established in 2005, the Paris Saint-Germain Football Schools in Dehli and Bangalore and have partnerships with various education institutions;<sup>144</sup>
- Sports Roots, a worldwide sports training, management & marketing firm, has an exclusive agreement to develop and run Paris Saint-Germain Academy schools and camps in the Indian subcontinent;<sup>144</sup>
- International coaches teach students from 6 to 16 years old in camps in Gurgaon.<sup>144</sup>

### Arsenal FC

- Academies spread over six states : Dehli, Punjab, Karnataka, Kerala, Telangana and Maharashtra;<sup>145</sup>
- International technical team that provides all-round training and conditioning to children aged between 5-17;<sup>145</sup>
- India On Track is the program that aims at identifying and nurturing talent through grassroots and specialized training programmes, centres of excellence and talent scouting camps.

See more Best Practices in Appendix (17)



SL Benfica should find a Indian partner experienced in sports management and form a Joint Venture. The partnership should address the football market by offering a diverse spectrum of football services

9 | Internationalisation: India | Recommended Entry Mode and Products

Cooperation Strategy - Joint Venture<sup>39</sup>

- Research on Indian business environment suggest limitations regarding external investment and, even though some improvements have been made, India is still ranked #100 in Ease of Doing Business. Thus, Direct Investment is not a viable option, at this moment.
- Due to the unique characteristics of the Indian market and the lack of specific knowledge Benfica has regarding it, it should pursuit a cooperation strategy with a well-established Indian company.
- This partnership should be governed by a contract under the Joint Venture<sup>39</sup> format, specifying the resources invested and degree of control of each firm in the new legal entity.
- The partner should be a company focused on sports management and marketing, preferably with football-specific experience, or a local football club. Potential partners could be “Sports Roots”, which is associated with PSG<sup>144</sup> or “India on Track”, which is the official partner of Arsenal Soccer Schools and NBA Basketball Schools<sup>145</sup>. Regarding local clubs, “FC Goa” or “ATK” could be viable options.

(see Appendix 7: Entry Modes)

Recommended Products

India is still looking to improve its football structure, competitions, clubs and organizations which, alongside with growing interest in the game,<sup>129</sup> represent an opportunity to clubs with expertise on football development, such as SL Benfica. Interest from fans and corporations alike can be translated in to the need for a wide product and service offering (see Appendix 8: Recommended Products).

Core Business

- ✓ Football Schools
- ✓ Football Academies
- ✓ Coaches’ School
- ✓ Summer Camps
- ✓ “Inside Exports”
- ✓ Pre-season Tour

Online

- ✓ Adapted online content

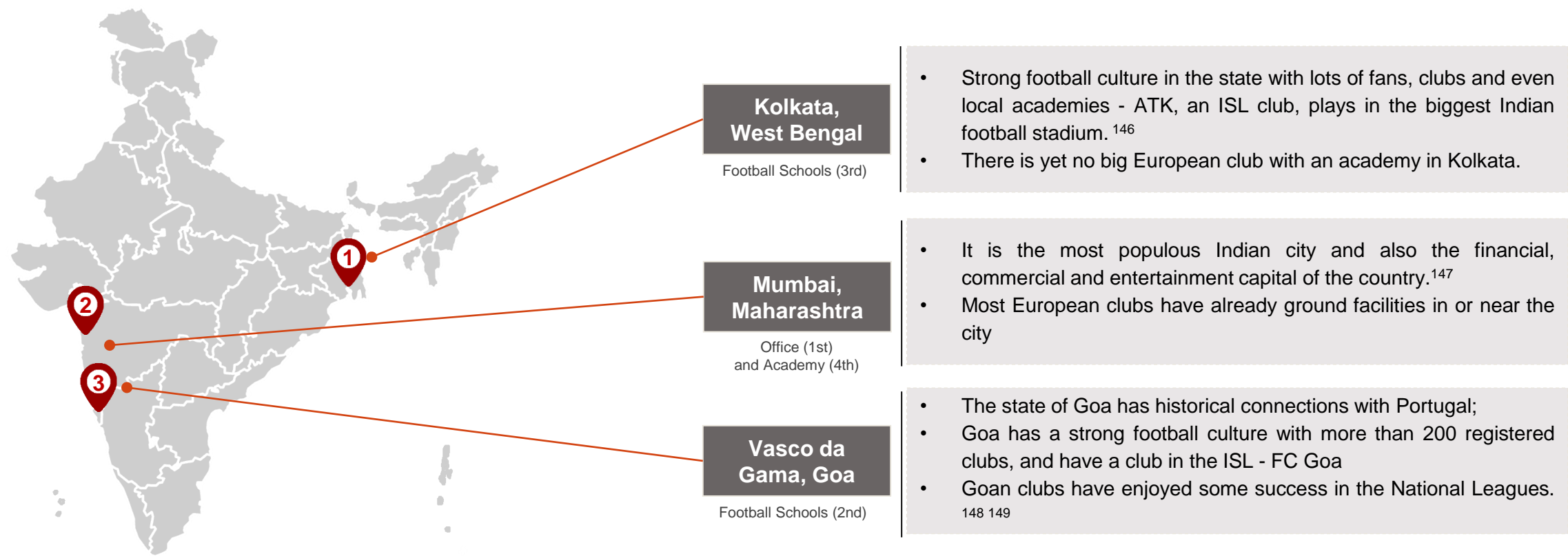
Others

- ✓ Broadcasting Rights
- ✓ Product Licensing
- ✓ Merchandising
- ✓ Sponsorship
- ✓ Store

Offices and an Academy shall be established in Mumbai and football schools in Kolkata and Vasco da Gama

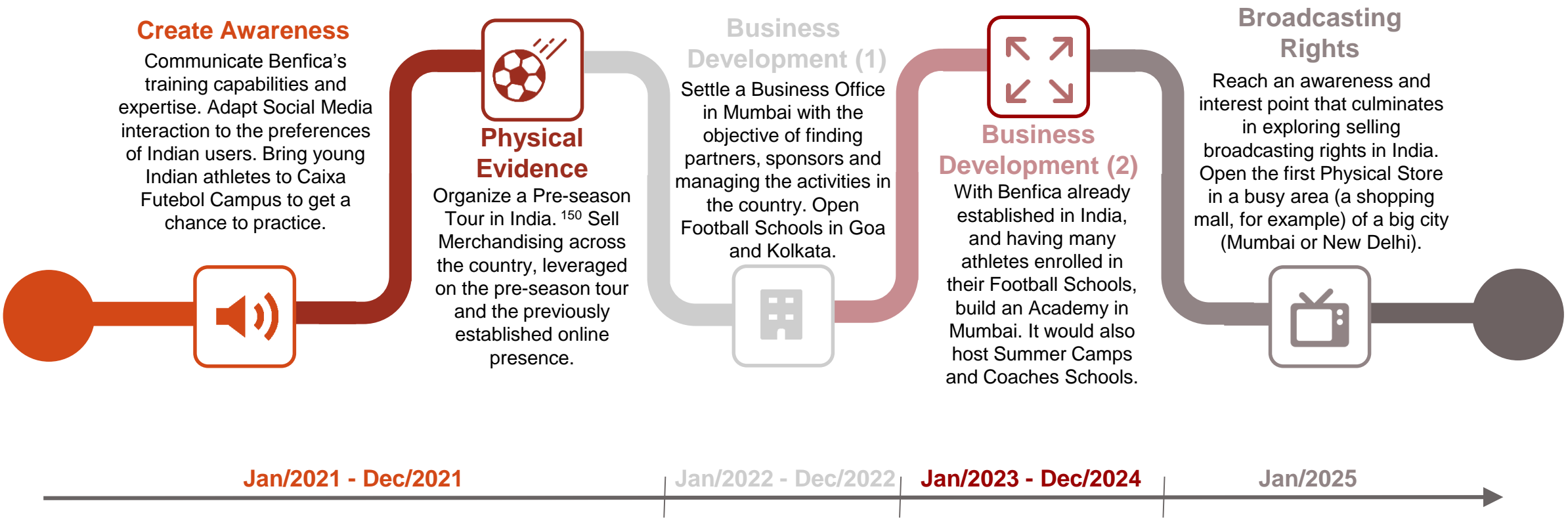
9 | Internationalisation: India | Business Offices and Schools

Since Indian football culture is not equally widespread throughout the country, SL Benfica should focus on the areas that have shown a stronger connection with the sport - meaning a potentially bigger pool of interested candidates for the academies (see Appendix 18: Academies' Locations)



The internationalization process shall start with an Awareness stage, followed by moving to a physical presence and business development that will ultimately mean Benfica is well established in the country by 2025

9 | Internationalisation: India | The Process



In order to achieve the proposed goals, the club needs to assess the availability and significance of digital, as well as its tools and platforms (see Appendix 19: Digital Overview)

\*The suggested dates assume that SL Benfica already has the necessary partnerships established at that time  
\*\* The possibility of earlier internationalization in India needs to be assessed alongside developments in China and USA

YouTube is the most used digital channel in India with a base of 400million users followed by Facebook that has passed the 240 million users

## 9 | Internationalisation: India | Digital Channels

### YouTube

With a current base of 400 million users, it expects to double that number in the next 3 years. “Today, 85% of the content consumed is through mobile. Year-on-year, we have been seeing a 400% growth in mobile device users. In the coming years at least 50% of new users to come from the rural areas, as it has been growing faster than the urban market.” YouTube created an offline viewing service for users to download videos they can watch later, to overcome handicaps posed by low bandwidth and high costs of data plans.<sup>151 152 153</sup>

### Facebook

Facebook users in India have crossed the 240-million mark, becoming the country with the most users of this social media. It's usage penetration in the country is expected to grow up to over 20% by 2022. Men represent 75 percent of the country's active profiles, although it is worth noting that this represents “reported gender”. Facebook's active users in India also skew young, with more than half of the country's users below the age of 25 (see appendix 20).<sup>154 155</sup>

### Twitter

Only 1.8% of the population uses Twitter, and this number will increase to 3% by 2018. Twitter accounts for only 17% of its social network users. However, India was the number one fastest growing market for Twitter in terms of daily active users, in the 1<sup>st</sup> quarter of 2016. The prediction is reaching 34.4 million users by 2019. 80% of users tweet from mobile devices. Twitter announced a partnership with Lookup, an on demand platform that lets users connect with local businesses in India.<sup>156</sup>

### Live Stream

Hungama.com, an Indian player in the music and video streaming services, seems to make it big on the global platform as they claim to have 50 million monthly active users of their services. This exponential growth achieved in the last years clearly defines the demand for online streaming in India. Live streaming is a growing trend in India with some websites already broadcasting different types of sports including football. Both national and international leagues (e.g.: Bundesliga and Premier League) are streamed live and on demand.<sup>157</sup>

### Website

English and Hindi are the most spoken languages in India.<sup>158</sup> However, there is such a wide variety of languages in the country that it is almost impossible to customize a website for each one. Besides, English is used in most of the country. As such, there is no big club with an Indian-customized website. However, there are some online related activities. For example, Indian-targeted news stories (eg.: about the Indian Independence Day; new football school opening in India; etc.).<sup>159</sup>

### E-commerce

Although the e-commerce penetration rate in India is low (28%) when compared to other relevant markets it is growing at an unprecedented rate. According to Morgan Stanley the business is expected to grow by 1200% to reach over \$200Billion by 2026. Currently most European football clubs charge high shipping costs to India (average of 20€ per order) and have long delivery waiting periods.<sup>160 161</sup>

### Apps

India's mobile app market has been quickly growing in the past couple of years outpacing US and ranked first place in Google Play's downloads. From 2015 to 2016, the market grew by over 70%. The apps that most grew in terms of downloads in India were the video streaming and gaming apps but the most popular ones are still Facebook and Whatsapp.<sup>162</sup>

SL Benfica shall curate its content to feat Indian culture by providing language options, adequate colour usage, and training and history focused content

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## 9 | Internationalisation: India | Recommended Strategy – Creating Awareness

Following the recommended business strategy, the first steps are to develop a strategy that creates awareness and fosters relationships with fans and viewers in India. With this in mind, SL Benfica needs to elaborate a communication strategy to reach its potential fans and start to build connections and generate interest in the brand. This shall be done through engagement in social media platforms and a pre-season tour. Alongside with this pre-season tour there is also a need to communicate the merchandising line that will be sold. Content needs to fit the indian culture and therefore be adapted in terms of language, color usage and type of content. <sup>163 164 165</sup>

### Facebook

SL Benfica's Facebook page should compile different types of content other than traditional promotional content. These can be articles, videos and storytelling content - that foster a relationship with fans and the team. It is important to mark special occasions and events like Indian Republic day, Gandhi's birthday, Independence day, Holi festival, and Diwali. On these special occasions but also in general it is important to be aware that Indians are prone to vibrant colors and do not respond positively to black so the content needs to be colorful and respectful to traditions. Moreover, quick news and highlights of the club and football industry are relevant as Indians like to use this social media to read news.

### YouTube

SL Benfica should create a series of short videos called 'From slum to star' on how the club is developing in India, how the schools and academies are helping kids become athletes and improve their lives. Moreover, they should have videos on their training capabilities, their athletes and history.

### Twitter

Engage with fans through prognostics and comments on games results by live tweeting during the games and asking for polls on teams' scores. Post short videos of the goals and highlights of the game.

### Website

Have the website available in English - key to develop and monetize their presence. Translation to other languages (e.g.: Hindi) may be a plus, but are not necessary since most internet users communicate in English.

Campaigns should target Football fans, Parents and Children and 18-40 years old football driven people to increase awareness, generate interest in football schools and coach opportunities, respectively

## 9 | Internationalisation: India | Recommended Strategy – Expansion Stage

This stage entails generating demand for football schools by reaching kids who enjoy sports and also invite young athletes to come to Benfica’s facilities in Portugal to better get to know the brand and develop an interest and attachment with the club. The parents are also a relevant player at this stage and, therefore, need to be convinced of the advantages that the schools and quality of Benfica’s training will have on their children’s future. There is a need for a communication strategy focused both on kids and their parents, who are the main decision makers.

Mission	Increase awareness and generate demand for merchandising and products	Increase the knowledge about Benfica and generate interest in the football schools	Increase awareness regarding the potential of football and opportunities as coaches
Market	Football fans that are also digital buyers	Parents and Children	18-40 years old, with an interest in sports/wellness/wellbeing
Message	“Get your official shirt and equipment and be part of our family”	Parents: “World class training that assures the success of your children” Children: “Come and become the next world’s biggest football star”	“Discover your new career path and help build the future of Indian football”
Media	Digital (Website; Display; Search; Social Media; Email)	Digital (Website; Display; Search & Social Media; Email)	Digital (Website; Display; Search; Social Media; Email)
Money	High cost	High cost	High cost
Measurement	#sales	#players	#coaches



Leveraging a pre established fan base and acquired market knowledge, SL Benfica shall negotiate broadcasting rights and dive into live streaming to mitigate the distance between fans and the club

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## 9 | Internationalisation: India | Recommended Strategy – Business Development and Expansion

The next step of the business development stages of the internationalization process comprises the establishment of academies which do not need a specific communication strategy because the business model of these academies is based on scouting rather than attracting players through campaigns. Therefore, it is expected that the athletes in these academies are to be selected by scouts.

Later, Benfica shall take advantage of the already established fanbase to begin selling its broadcasting rights and build its first store.

### **Broadcasting**

SL Benfica shall sell broadcasting rights in India to ensure the growth of the fanbase and that its interest does not drop, making it possible for all SL Benfica's games to be broadcasted on Indian TV.


### **Live Streaming**

A livestream strategy to keep the team and fans connected is another key point of the strategy. because of the distance that'll be felt it is important to nurture the relationship between SL Benfica and its Indian fans and keep them interested and engaged.

1. Authenticity: live streams demonstrate the genuine club's atmosphere. "Going behind the scenes" (e.g.: training sessions) give viewers an exclusive and unique sense of sharing.
2. Players: players in live streams are assured to accomplish the greatest outcomes. Videos showing players in funny situations (e.g.: pranks, locker room after a game, etc.)
- 3.Video Host: responsible for guiding the live streamed episode. Live Q&A are also good options.

### **Physical Store**

SL Benfica should install a physical store in India when the business has been strengthened in the country. The store would consolidate the physical presence of the club in the country and help mitigate the highly expensive mailing and transportation costs to India associated with the current online store.



# DATA ANALYSIS

In the context of the CRM Field Lab, SL Benfica agreed to share some of the information of its customer database. After assessing what information is collected by SL Benfica, and what they could share (in order not to compromise privacy issues), the set of data received comprised information on members (only). The analysis that follows respects only to this set of data.

## Why is it important to enhance the relationship with members?

The fan community is of tremendous importance for the economic and sportive success of any sport club. Owners, coaches and players go in and go out but the fans remain supporting their team, which makes them a relatively stable source of revenue for the clubs.

With such importance, it is essential for clubs to enhance the relationship with the fans, not only during the 90 minutes of the match but also beyond that.

## The role of data in lifelong relationships

In order to create and enhance this relationship, the club has to understand each fan by knowing his/her interests and, ideally, predict their behaviour. Thus, it is important for any club to gather data on its fans and community.

The higher the knowledge about each customer preferences and consumptions, the easier is to define communication approaches in order to collect the highest value possible from them. Retaining customers and keep them satisfied is a major step to reach a loyal customer base and increase their impact in the club's profitability.

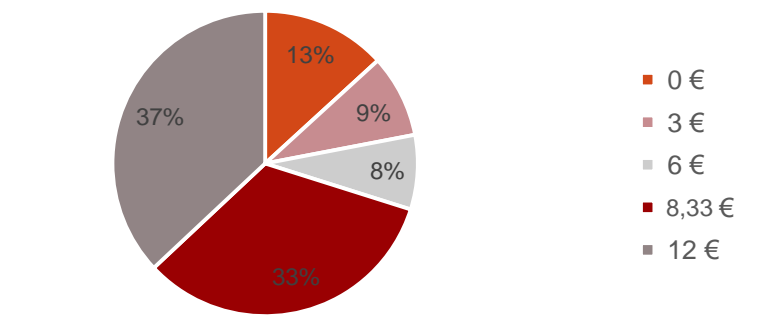
Members are concentrated in 2 main categories (*Maior & Correspondente*) and pay mostly by quarter. Only 17,53% of members hold a RedPass and the majority use *Cobrança Postal* or *Débito Directo* payment channels

10 | Data Analysis | Membership Descriptive Analysis

Table 3  
Members distribution per type of membership

	Total	%
Maior	75 936	36,99%
Correspondente	68 025	33,14%
Infantil	18 008	8,77%
Juvenil	14 922	7,27%
Reformado	1 274	0,62%
<b>Paying members</b>	<b>178 165</b>	<b>86,80%</b>
Infantil Isento	25 071	12,21%
Atleta	935	0,46%
Vitalicio	786	0,38%
Maior Isento	274	0,13%
Sócio De Merito	39	0,02%
Casas do Benfica	5	0,00%
Sócio Empresa	2	0,00%
<b>Non Paying members</b>	<b>27 112</b>	<b>13,2%</b>
<b>Total</b>	<b>205 277</b>	<b>100,00%</b>

Graph 7  
Membership fee value Distribution



Graph 8  
Members distribution per frequency of payment

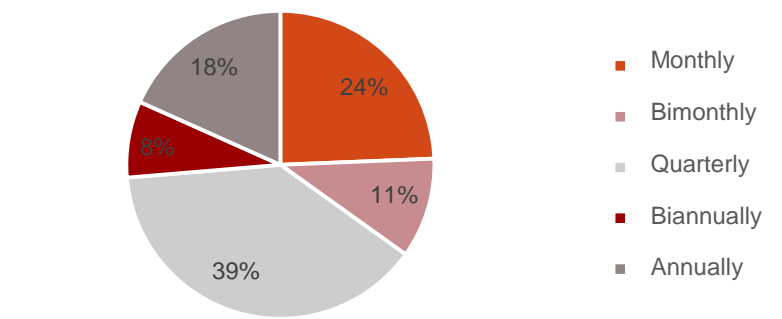


Table 4  
Members with RedPass and Type of RedPass

	Total	%
No	169 297	82,47%
Yes	35 980	17,53%
<b>Total</b>	<b>205 277</b>	<b>100,00%</b>

Table 5 - Type of charges (RedPass)

	Total	%
Cobrança Postal	105 982	51,63%
Débito Directo	94 316	45,95%
Others	4 979	2,23%
<b>Total</b>	<b>205 277</b>	<b>100,00%</b>

Table 6  
Type of RedPass

	Total	%
Redpass	26 452	73,52%
Fundador	2 804	7,79%
Redpass Premium	2 202	6,12%
Vitalicio	661	1,84%
Centenarium	469	1,30%
Not Defined	32	0,09%
<b>Total</b>	<b>35 980</b>	<b>100,00%</b>

Most tickets purchased by members respect the Portuguese League and are bought at the stadium. Members who live over 50km away from Lisbon mostly buy tickets through *Casas do Benfica*

10 | Data Analysis | Ticketing Purchases (season 2016/17)

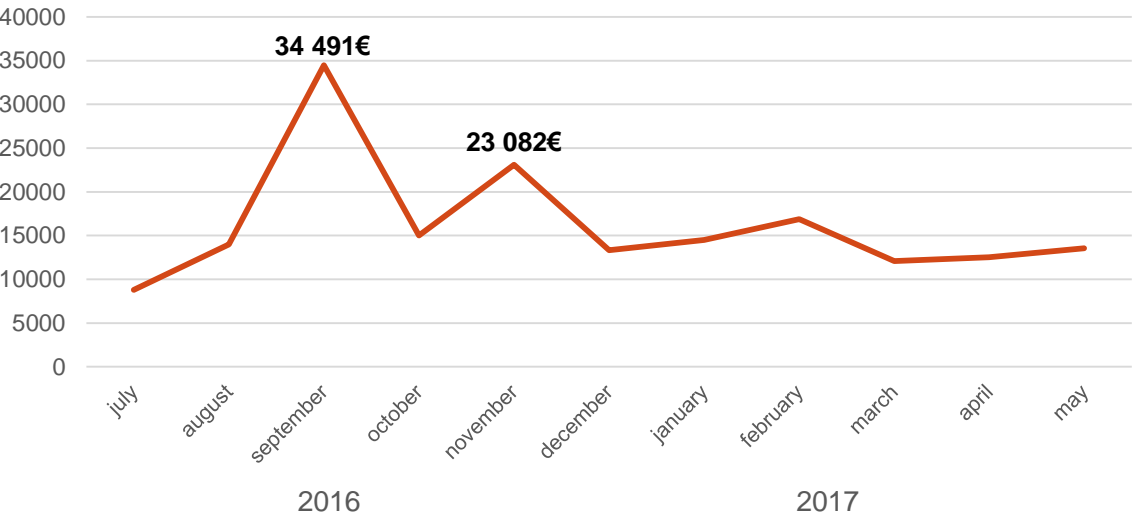
Table 7 Tickets per Game Location		Table 8 Tickets purchased per League			Table 9 Purchase Channel		Table 10 - Purchase Channel for Correspondente Members	
Total		Total (nr)		Total (€)	%		%	
Estádio/Futebol	146 258	Liga	83 345	1 145 670,41	Prossecur	47,80%	Casas do Benfica	52,36%
		UEFA Champions League	39 986	756 784,50	Casas do Benfica	27,25%	Internet	21,83%
		Eventos	20 777	440 935,60	Internet	15,64%	Prossecur	22,44%
Venda Massa/Futebol	17 330	Taça de Portugal	10 585	68 885,00	ATM	9,31%	ATM	4,37%
		Taça Liga	5 420	20 387,50	Benfica Estádio	0,01%		
Caixa Futebol	3 594	Eusébio Cup	3 475	33 774,00				
Campus/Futebol		Segunda Liga	3 327	1 351,00				
		UEFA Youth League	267	-				
Total	167 182	Total	167 182	2 467 788,01	Total	100,00%	Total	100,00%

- During the last season, more than half of the tickets were to *Primeira Liga*'s matches (50%), followed by UEFA Champions League (24%). Accordingly, on the 2016/17 season, the highest contribution for the total sales value came from *Primeira Liga*'s matches with 1 145 670€ (46,42%), followed by UEFA Champions League and away matches with 756 784€ (30,67%) and 440 935€ (17,87%), respectively.
- Regarding the purchase channel, the most used means are the ticket offices located around the stadium with 47,80% (79 913 tickets), From the past season to the current one, there were some changes regarding the percentages of purchase channels. The percentage of every channel decreased, being that such decline compensated with the significant increase of the use of ATM as a mean to purchase tickets (from 9,31% to 17,81%). On the other hand, the Internet had the highest decline, from 15,64% to 12,54%, with the change of website being one possible factor to explain this difference.
- *Correspondente* members buy mostly at *Casas do Benfica*. However, the website channel still accounts for more than a fifth of the total purchases.

Most tickets are bought in September and November and over 60% of members who bought tickets do not have a RedPass and bought less than 5 tickets

10 | Data Analysis | Ticketing Purchases

Graph 9  
Tickets per Month (value)



- In terms of tickets purchases, the months that registered the highest volume on the last season were September and November with 34 491 and 23 082, respectively;
- In the beginning of 2017, the number of tickets remained relatively stable until the end of the season.

Table 11  
Number of tickets bought

# Tickets purchased	RedPass ticket holder?		Total
	No	Yes	
≤5	31 563	7 383	38 946
]5;10]	3 903	3 511	7 414
]10;15]	870	1 467	2 337
]15;20]	240	511	751
]20;25]	63	181	244
]25;30]	28	69	97
>30	20	31	51
Total	36 687	13 153	49 840

- 31 out of 49 840 members bought more than 30 tickets and have a RedPass. However, there are 20 members that do not own a RedPass and bought more than 30 tickets during this timeframe. The minimum value spent by these 20 members was 321,50€, whilst the maximum was 739€;
- The majority of the members (63,33%) bought less than 5 tickets and do not have RedPass.



Just 1 647 members account for the top 10% of total ticketing sales. There is no evident relation between ticketing sales and age or city

10 | Data Analysis | Ticketing Purchases

The top 1 647 members, in terms of expenditure in tickets purchases, account for 10% of total sales.

Table 12 The power of members		
		%
Correspondente	861	52,28%
Maior	705	42,81%
Juvenil	40	2,43%
Infantil Isento	23	1,40%
Reformado	7	0,43%
Infantil	4	0,24%
Atleta	3	0,18%
Casas do Benfica	2	0,12%
Sócio Empresa	1	0,06%
Vitalício	1	0,06%
Total	1 647	100,00%

Table 13 Sales by Age	
	%
≤14	1,76%
[14;17]	2,49%
[18;24]	10,69%
[25;34]	24,89%
[35;44]	22,95%
[45;54]	17,36%
[55;64]	11,90%
≥65	7,95%
Total	100,00%

Table 14 Top City break down	
	%
Lisboa	8,80%
Sintra	7,65%
Sem Concelho	5,40%
Loures	3,34%
Braga	3,28%
Amadora	3,16%
Oeiras	2,98%
Oliveira de Azemeis	2,91%
Cascais	2,49%
Entroncamento	2,31%
Total	100%

- More than half of highest spending members (52,28%) live more than 50km away from Lisbon, whilst 42,81% are *Maior* members;
- Furthermore, the age group with the highest representation from these 1.647 fans is the [25;34] with 24,89%, followed closely by the age group of [35;44], with 22,95%;
- In terms of cities of residence, Lisbon is the most represented one. However, there is no significant difference compared to other cities;
- It is also important to highlight that 5,40% of these members live outside Portugal.



35 to 44 year old members are the group with the biggest expenditure, both in total and on average, in *Bancada Família* tickets. Most *Correspondente* members who utilize *Bancada Família* are also in this age group

10 | Data Analysis | *Bancada Família*

Table 15 Number of Members and Ticket Expenditure per age group				
	Nr of Members	%	Total Exp	Average Exp
<13	92	5,87%	2 620	28,48
[13,17]	58	3,70%	1 270	21,90
[18,24]	93	5,94%	3 110	33,44
[25,34]	297	18,97%	10 780	36,30
[35,44]	675	43,10%	22 572	33,44
[45,54]	221	14,11%	11 190	50,63
[55,64]	81	5,17%	6 720	82,96
≥65	49	3,13%	4 865	99,29
Total	1 566	100%	63 127	

Table 16 - Number of Members and Ticket Expenditure considering only <i>Sócios Correspondentes</i>				
	Nr of Members	%	Total Exp	Average Exp
[18,24]	57	7,71%	965	16,93
[25,34]	163	22,06%	2 790	17,12
[35,44]	334	45,20%	5 908,5	17,69
[45,54]	104	14,07%	3 335	32,07
[55,64]	51	6,90%	2 470	48,43
≥65	30	4,06%	1 950	65
Total	739	100%		

- The age group [35;44] is the one that has the highest representation in terms of members that purchased family tickets during this timeframe. In addition, this was also the age group with the highest contribution regarding total family tickets value (22.572€). However, the age group that registers the highest average expense is the [55;64] with 99,29€;
- There were 150 members below 18 years old that purchased family tickets. This could imply that these families depend on the membership of these young supporters;
- Focusing exclusively on the *Correspondente* members that bought family tickets, 45,20% are between 35 and 44 years old.

The highest average expense in *Bancada Família* tickets come from *Maior* members. There is a cluster of members who bought *Bancada Família* tickets and merchandising sales, evidencing a cross-selling opportunity

10 | Data Analysis | *Bancada Família*

Table 17  
Expenditure per Type of Membership

	Total	Expenditure Tickets	Avg Exp Tickets	Exp. Merch.	Avg Exp Merch.
Atleta	4	100	25,00	0	0,00
Correspondente	719	28 659	39,86	18 431	25,63
Maior	694	29 603	42,65	26 358	37,98
Infantil	54	1 600	29,63	2 369	43,87
Infantil Isento	45	1 415	31,44	775	17,23
Juvenil	50	1 420	28,40	760	15,19
Total	1 566	62 797		48 693	

- The categories *Correspondente* and *Maior* are the most represented, with 45,91% and 44,32%, respectively. Also, the category *Maior* has the highest average expense in tickets purchases with 42,65€ per member.
- Nevertheless, the members with the highest average expense in Merchandising belong to the category *Infantil*, with 43,87€.

Table 18 - Relationship between Expenditure in Tickets and Expenditure in Merchandising

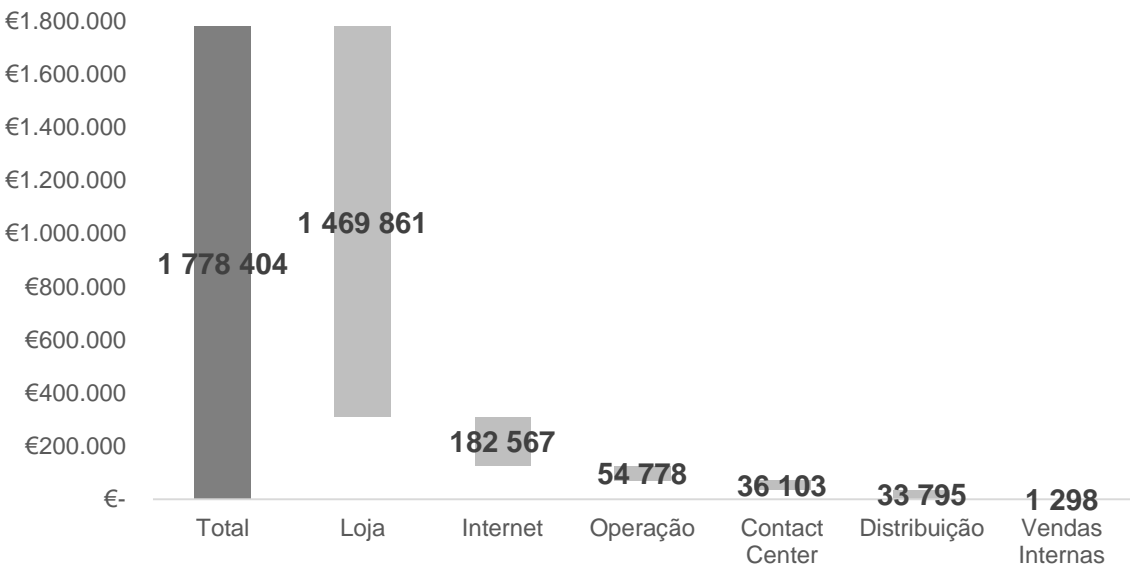
		Merchandising						
		[0;50]	]50;100]	]100;150]	]150;200]	]200;250]	]250;1000]	Total
Tickets	]0;75]	1161	167	50	30	16	20	1444
	]75;150]	60	12	8	1		3	84
	]150;225]	18	1	1			1	21
	]225;300]	12		1				13
	]300;1000]	4						4
	Total	1255	180	60	31	16	24	1566

- The majority of the members that bought family tickets spent less than 75€ in tickets and less than 50€ in merchandising. Within this group, the more often bought products are the stamping letters on the jerseys (19 items) and personalized products (12 items).
- Secondly to that group, there are 167 members that spent less than 75€ in tickets and between 50€ and 100€ on merchandising. The most bought products by these members were replicas of jerseys (14 items) and tamping letters (11 items).

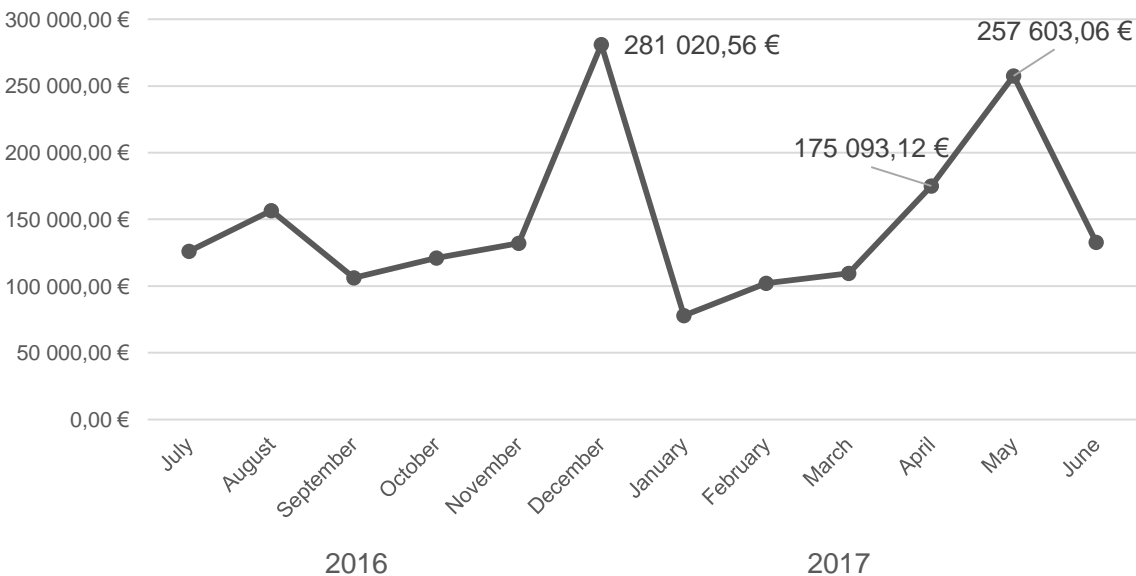
Members spent, on average, approximately 60€ in merchandising since, July 2016. The revenue is higher on December and May and the most used channel is the Megastore

10 | Data Analysis | Merchandising Analysis

Graph 10 - Merchandising sales per Channel  
(from July 2016 to November 2017)



Graph 11 - Merchandising Sales per Month  
(from July 2016 to June 2017)



- The average revenue from merchandising per member that has bought any product in this data's timeframe is 59,93€.
- The store is the most used way for these members to purchase merchandising with over 82% of the total sales being through this channel. Regarding the distribution of the sales across the months, it is possible to see that the months of December and May were the ones in which the value of transactions was the highest.
- The analysis also showed there is no relation between age and merchandising spending. Regarding the product category, official jerseys and replicas account for the highest value of sales (see Appendix 21: Merchandising Analysis).

The biggest source of merchandising revenue are the stores and the highest spending members are *Maior* members. 30% of the highest spending members live in Lisboa or Sintra

10 | Data Analysis | Merchandising Analysis

- For a deeper analysis, the members that exclusively bought Summer Camps were excluded, as well as the ones that only bought through corporate channels.
- Under those conditions and according to the data, the top 326 members in terms of merchandising expenditure account for 10% of the total sales value.

Table 19  
Category (326)

	Total	%
Maior	220	68,88%
Correspondente	83	26,16%
Infantil	8	0,63%
Atleta	4	0,66%
Reformado	3	1,74%
Vitalício	3	1,43%
Infantil Isento	3	0,25%
Juvenil	2	0,25%
Total	326	100,00%

Graph 12  
Sales by Channel (326)

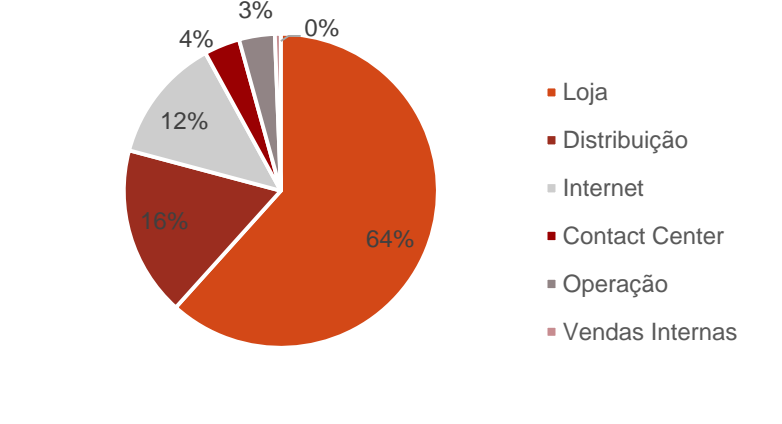


Table 20  
Top City break down (326)

	%
Lisboa	14,76%
Sintra	14,32%
Sem Concelho	11,51%
Odivelas	7,28%
Loures	6,77%
Amadora	6,26%
Oeiras	3,02%
Seixal	3,01%

- 68,88% are *Maior* members, with a significant difference to the second category more represented, which is *Correspondente* with 26,16%.
- Almost two thirds of these 326 members purchased on the store, in contrast with 16,02% and 12,39% that purchased through distribution and internet, respectively.
- The top 7 cities with the highest representation from these 326 members are located within the Lisbon district, with exception of *Sem Concelho*.

Churn analysis was performed based on different groups of members to better grasp the drivers and reasons behind the decision of giving up being a member

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## 10 | Data Analysis | Churn Analysis

**Three different churn analysis were performed:**

**1. Churn analysis with all members in the database**

- a) Assumption: members are considered to have dropped out if they are 3 months late since their due payment date\*. Only paying members were considered\*\*.

**2. Churn analysis with data from members that have joined from august 2016 till now**

- a) Assumption: members are considered to have dropped out if they are 3 months late since their due payment date\*;
- b) Only members who have joined in since august 2016 were considered in this analysis and therefore all the dropouts in this analysis correspond only to those who have joined after august 2016 and dropped out before December 2017;
- c) Only paying members were considered\*\*.

- **Churn analysis with data from all member excluding those who have not paid fees since before 2016** (see Appendix 22 & 23: Churn Analysis)

SL Benfica sends email notices to its members after two months of delay on membership payment. Therefore, the assumption for churn analysis is the consideration that after 3 months (after receiving the 2 month notice and disregarding it) the member has 'dropped out' and actively decided not to pay.

\*this means that Annual membership payers are considered dropouts 12+3 months from the last payment, Semester membership payers are considered dropouts 6+3 months after their last payment, quarter membership payers are considered dropouts after 3+3 months since their last payment, bimonthly membership payers are considered dropouts after 2+3 months from their last payment and monthly membership payers are considered dropouts 1+3 months since their last payment.

\*\* members with fees equal to zero were disregarded in the churn analysis.

24% of paying members have fees overdue. Amongst this group, 43% are *Maior* and almost 88% of delayed fees are due for over 3 months

10 | Data Analysis | Churn Analysis (with all members in database)

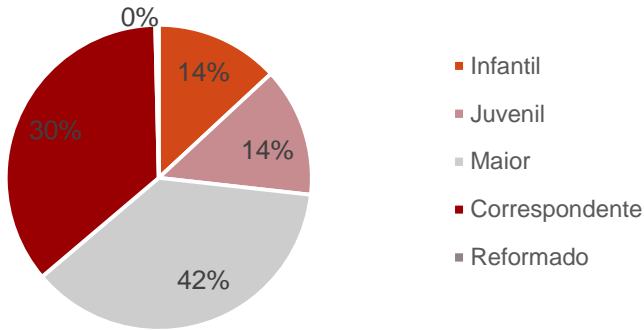
Table 21  
Members with fees due vs total members

	Total	Members with due fees	% over total members	% over Members with due fees
Infantil	18 008	5 322	29,55%	12,46%
Juvenil	14 922	5 718	38,32%	13,39%
Maior	75 936	18 068	23,79%	42,31%
Correspondente	68 025	13 417	19,72%	31,42%
Reformado	1 274	180	14,13%	0,42%
Total	178 165	42 705		100%

Table 22 - Number of members with fees due over X months ago

	Total
2 months	33 878
3 months	29 711
6 months	23 150

Graph 13 - Number of members with fees due over 3 months ago



- Out of 178 165 paying members in the database close to 24% (42 705) have due fees. From these, 43% are *Maior* members;
- Almost 88% of members with due fees are due for over 3 months, which, according to the assumption, means these are already considered dropouts;
- Once again, the category with most members with due fees due over 3 months is the *Maior*.
- The category with proportionally more members with fees due is *Juvenil*.

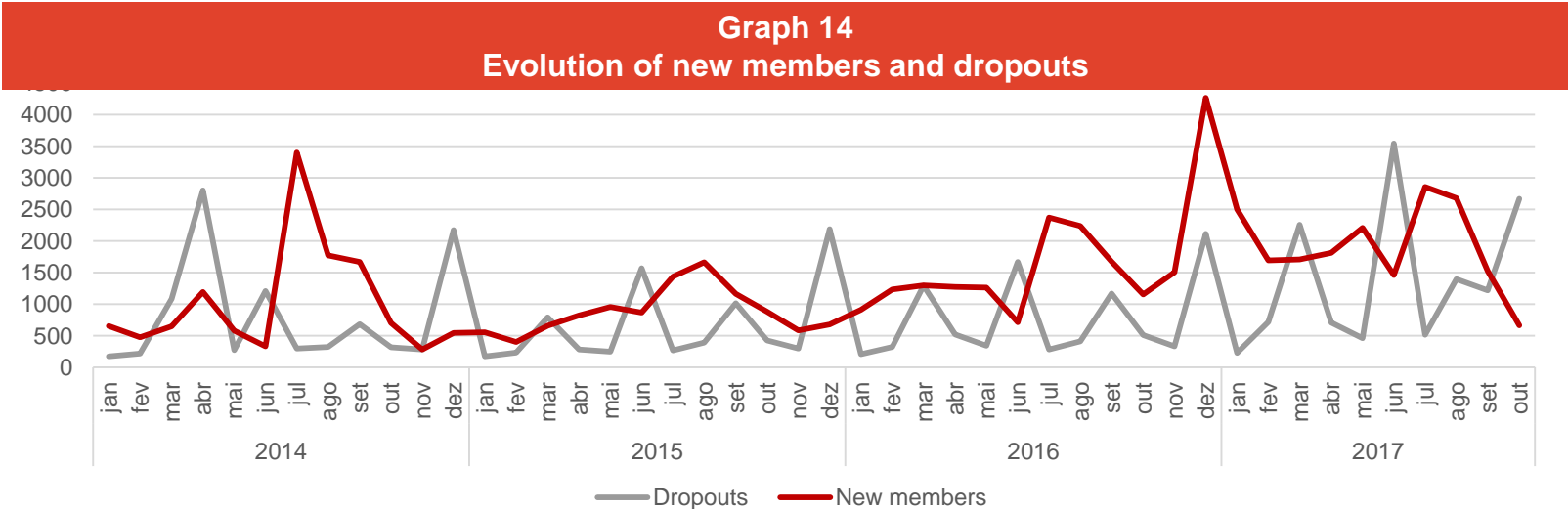
All paying members in the database were considered in this analysis



The payment frequency with most overdue members is Quarterly, whilst Bimonthly has the most members overdue in proportion, meaning within the category

10 | Data Analysis | Churn Analysis (with all members in database)

Table 23							
Membership payment per frequency of payment							
	Total nr of paying members	Members with delayed fees	% Members with delayed fees	Delayed fees >1y	% delayed fees >1y	Average nr of delayed fees	Average nr of delayed months
Monthly	43 405	9 663	22,26%	3 166	7,29%	10,86	10,86
Bimonthly	18 764	8 439	44,97%	5 973	31,83%	12,72	25,44
Quarterly	69 087	21 088	30,52%	14 298	20,70%	7,87	23,61
Biannually	14 307	1 737	12,14%	1332	9,31%	4,61	27,65
Annually	32 602	1 778	5,45%	1 769	5,43%	2,44	29,32
Total	178 165	42 705		26 538			



Membership payment per frequency

- The membership frequency category with most members overdue is Quarterly.
- However, Bimonthly is the category with the most members overdue in proportion (45% of the category's total);
- Annual payment memberships have the biggest average of months delayed. However, the category with the biggest average of delayed feed is bimonthly.

New members and dropouts

- Before 2014 there are entries for 115 850 new paying members and 2 082 dropouts of paying members;
- As of 2014 the main peaks are:
  - 3401 new members in July 2014;
  - 4269 new members in December 2017;
  - 2804 dropouts in April 2014;
  - 3547 dropouts in June 2017.

Regarding members registered since the 2016/17 season, 23% of members already have fees overdue and, from those, 67% are over 3 months late

10 | Data Analysis | Churn Analysis (members since season 2016/17)

Table 24 Members with fees due vs total members				
	Total	Members with due fees	% over total members	% over Members with due fees
Infantil	4 851	751	15,48%	11,26%
Juvenil	2 173	518	23,84%	7,77%
Maior	9 371	3 367	35,93%	50,49%
Correspondente	12 978	2 032	15,66%	30,47%
Total	29 373	6 668		100%

Table 25 - Number of members with fees due over X months ago	
	Total
2 months	4 989
3 months	4 472
6 months	2 578

Table 26 - Number of members with fees due over 3 months ago		
	Total	%
Infantil	429	9,59%
Juvenil	284	6,35%
Maior	1 735	38,80%
Correspondente	2 024	40,26%
Reformado	0	0,00%
Total (>3 months)	4 472	100%

- Out of the 29 373 members in this analysis (members since the 2016/17 season), 23% (6 668) have fees overdue. From these, 67% are over 3 months late, when comparing to their due date. And 40% are over 6 months late.
- The category with more members with overdue fees is *Maior* both compared to total number of overdue members in the database and number of overdue members in the category.
- The second biggest category when compared to overall overdue members is *Correspondente* (30,47%) and proportionally is *Juvenil* (23,84% members of this category are overdue)
- The 67% of members with fees due over 3 months are composed of 40,26% from the *Correspondente* category and 38,8% from the *Maior* category.

Only paying members who joined since august 2016 were considered in this analysis.

93% of the overdue members in this analysis are members who pay through *Cobrança Postal*, with a large part of them being under 14 years old. Inside *Cobrança Postal* category, 16,04% members are overdue

10 | Data Analysis | Churn Analysis (members since season 2016/17)

Table 27 Overdue members by type of charge			
	Total	Overdue members	% of overdue members over total from category
Albertino Alves	396	120	30,30%
Alberto Graca Delgado	356	76	21,35%
Cobrança Postal	105 982	17 003	16,04%
Débito Directo	94 316	679	0,72%
Dep Sócios	399	88	22,05%
Jorge Vieira	1 825	289	15,84%
other	2003	-	-
Total	205 277	18 255	8,89%

Table 28 <i>Cobrança Postal</i> – age distribution		
	Total	%
<14	34 981	33,07%
[14-17]	9 306	8,80%
[18-24]	9 891	9,35%
[25-34]	13 976	13,21%
[35-44]	14 538	13,74%
[45-54]	10 141	9,59%
[55-64]	7 364	6,96%
>64	5 590	5,28%
Total	105 787	100%

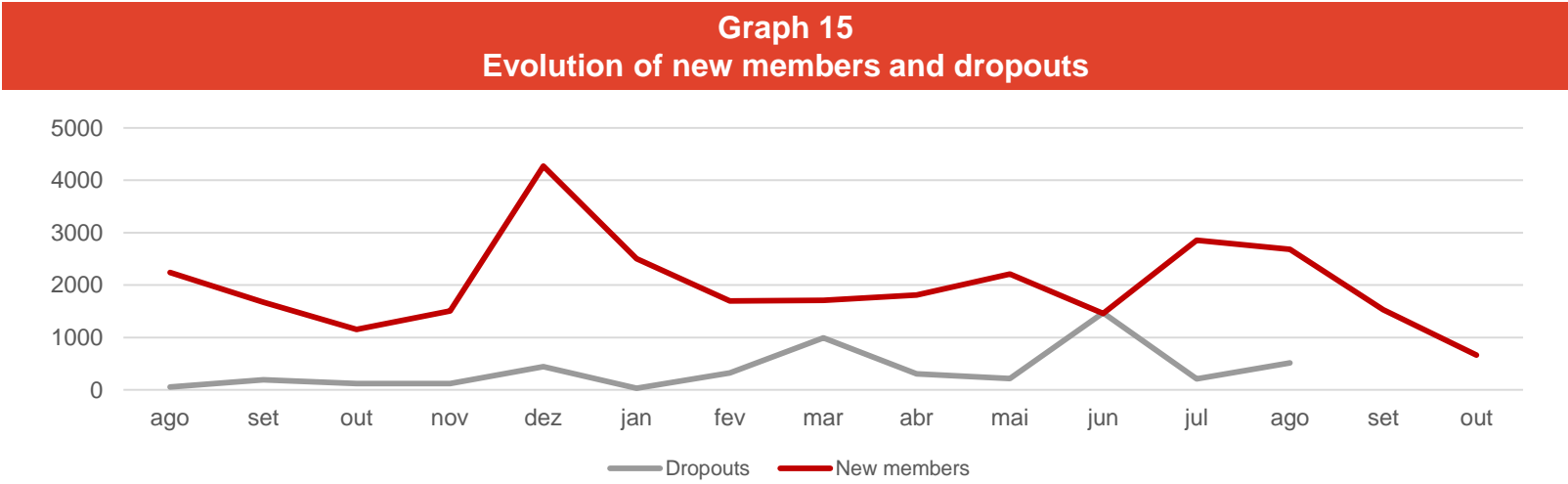
- The type of charge with proportionally more overdue members is *Departamento de Sócios* and *Alberto Graça Delgado*, but these are irrelevant categories in the overall analysis;
- The category with more overdue members is *Cobrança Postal* that corresponds to 93% of the overdue members.

Only paying members who joined since august 2016 were considered in this analysis.

Monthly and Quarterly memberships are the ones with most overdue members while Bimonthly is the category with proportionately more members due

10 | Data Analysis | Churn Analysis (members since season 2016/17)

Table 29							
Membership payment per frequency of payment							
	Total nr of paying members	Members with delayed fees	% Members with delayed fees	Delayed fees >1y	% delayed fees >1y	Average nr of delayed fees	Average nr of delayed months
Monthly	9 964	3 439	34,51%	197	1,50%	4,36	4,36
Bimonthly	1 260	493	39,13%	31	2,54%	3,36	6,72
Quarterly	13 297	2 655	19,97%	110	1,76%	2,33	6,99
Biannually	941	55	5,84%	3	0,31%	1,45	8,65
Annually	4 857	26	0,54%	25	0,37%	1,15	13,85
Total	30 319	6 668		366			



Membership payment per frequency

- The membership category with more members with delayed fees is monthly (52% of total delayed members) and quarterly ( 40% of total delayed members)
- Proportionally the category with more members with delayed fees is bimonthly where 39,13% of these members are delayed.
- 1,2% of total members are delayed over one year which represents 5,5% of delayed members and the monthly and quarterly categories are respectively the first and second most representative but proportionally bimonthly is more representative with close to 3% members delayed over 1 year.
- 5,66 is the average number of delayed months

New members and dropouts

Main peaks are:

- 4269 new members in December 16;
- 2858 new members in July 17;
- 1469 dropouts in June (< than # new members)

24% of paying members have fees overdue and almost 88% of those are over 3 months due. Members in the *Cobrança Postal* and *Juvenil* categories are the ones to be targeted for churn reduction campaigns

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10 | Data Analysis | Churn Analysis: main conclusions and general strategy recommendation

Main Conclusions

- There are 42 705 members with fees due which corresponds to 24% of total paying members;
- Almost 88% of overdue fees are overdue by over 3 months which corresponds to 21% of total paying members. These members are considered to have dropped out;
- Proportionately the categories with more overdue members is *Juvenil* followed by *Infantil* and *Maior* in both the overall analysis and the analysis without the members who dropped out before august 2016. In the analysis of the members who joined since august 2016 the category with proportionally more overdue members is *Maior*.

General Recommendations

- Churn campaign initiatives should target both members with *Cobrança Postal* and the *Juvenil* category;
- Start pushing campaigns with the advantages of being a member to members who are falling in the ‘dropout’ category and with promotional videos of how being a member and keeping its member number is a reminder of the history of the club.

Most value is generated by *Maior* members and the most valuable locations are Lisboa and the cities around it. The most valuable age group is 25 to 44 years old. In what regards marital status, Singles bring the most value

10 | Data Analysis | Value per Member

Table 30 Value per Member Type		
Member Type	Value (in €)	Average Value (in €)
Maior	11 689 467,95	154,06
Correspondente	5 724 884,56	84,21
Juvenil	917 446,73	61,47
Infantil Isento	576 074,78	23,06
Infantil	377 361,27	21,02
Reformado	193 228,31	81,09
Atleta	32 151,78	34,42
Vitalicio	8 795,24	11,22
Maior Isento	2 510,99	9,20
Casas do Benfica	446,00	89,20
Sócio Empresa	214,00	107,00
Sócio de Mérito	99,46	2,55
Total	19 432 681,07	

Table 31 Value per City (Top 12)			
City	Value (in €)	Number of Members in the City	Average value per member per city (in €)
Lisboa	3 687 925,91	31 191	118,24
Sintra	1 521 513,56	13 535	112,41
Loures	954 860,59	8 140	117,30
Oeiras	943 180,07	7 712	122,30
Cascais	923 657,64	7 617	121,26
Amadora	880 123,28	8 142	108,10
Sem Concelho	767 413,87	14 655	52,37
Odivelas	757 694,19	6 568	115,36
Almada	659 379,95	6 177	106,75
Seixal	561 654,95	5 537	101,44
Vila Franca de Xira	560 349,53	4 930	113,66
Mafra	303 905,42	2 517	120,74

Table 32 Value per Member Marital Status		
Marital Status	Value (in €)	Average value (in €)
Single	12 957 753,00	85,72
Married	5 807 311,02	120,00
Divorced	578 954,54	127,19
No Data	84 145,24	102,49
Undefined	4 517,27	47,55

Table 33 Value per Age Group			
Age Interval	Nr. Obs.	Value (in €)	Average value (in €)
<14	43 128	956 433,07	22,18
[14-17]	15 160	924 463,71	60,98
[18-24]	19 429	2 040 284,76	105,01
[25-34]	31 872	4 025 223,87	126,29
[35-44]	36 662	4 719 268,90	128,72
[45-54]	24 237	3 026 232,66	124,86
[55-64]	18 512	2 119 243,03	114,48
≥65	16 031	1 621 531,07	101,15

- The highest value member type is *Maior* (however, it is also the largest category);
- The most valuable cities are all within the 50km radius around Lisbon, except *Sem Concelho*;
- Although *Singles* are the highest value group, *Divorced* are the ones with the highest average member value;
- Members with age between 35 and 44 bring the most value to Benfica;
- There were, however, some limitations in our analysis (see Appendix 24: Limitations and Assumptions).



The top 5 valuable members have few common traits, except for their age being less than 35 and the biggest expense being from Merchandising

10 | Data Analysis | Value per Member: top value members

Table 34 Top-12 Members with highest value	
Member Number	Total value spent in Benfica per member (in €)
81903	9 400,95
176593	5 716,74
197442	2 115,95
164833	1 725,31
185112	1 674,29
31787	1 669,93
164012	1 629,94
196168	1 625,92
171920	1 594,2
70451	1 397,6
158230	1 296,56
165442	1 240,2
Average Total Member	94,78

Table 35 Characterization of Top-5 Members					
Member Nr.	81903	176593	197442	164833	185112
City	Odivelas	Sintra	Moita	Beja	Lisboa
Nationality	Portuguese	Portuguese	Portuguese	Portuguese	Portuguese
Age	16	27	27	31	24
Marital Status	Solteiro	Solteiro	Solteiro	Solteiro	Casado
Member Type	Juvenil	Maior	Maior	Correspondente	Maior
Website Registration	No	No	Yes	No	No
RedPass Type	-	RedPass	-	Redpass	-
Quota Modalidades	No	No	No	No	No
Membership Start Date	09-03-2008	28-11-2016	24-07-2017	23-05-2016	07-02-2017
Biggest spending	Merchandising	Merchandising	Merchandising	Merchandising	Merchandising

- To calculate the Total Value per Member, all expenses in Merchandising, RedPass Ownership, Membership Fees and Ticket Sales were considered. An average between all Benfica members resulted in the value of **€94,78** spent, per member, in the period between June 22<sup>nd</sup> and November 30<sup>th</sup>, 2017.
- The top 5 value members are all under 35 years old.

The top 10% most valuable members are *Maior*, representing 60% of said value. Lisbon and nearby cities are again the most represented. Most members in the top 10% are single but there is no age relation to be noticed

10 | Data Analysis | Value per Member: top 10%

Table 36  
Value per Member Type

Member Type	Value (€)	Number of Members	Average Value (€)
Maior	1 129 517,17	1 422	794,32
Correspondente	492 821,79	635	776,10
Juvenil	160 835,17	205	784,56
Infantil Isento	116 248,58	162	717,58
Infantil	27 591,58	38	726,09
Atleta	10 184,46	14	727,46
Vitalicio	3 244,51	4	811,13
Reformado	2 202,54	2	734,18
Total	1 942 645,80	2 483	

Table 37  
Top Cities in Value

City	Value (€)	Number of Members	Average value (€)
Lisboa	438 175,57	567	772,80
Cascais	132 197,02	172	768,59
Sintra	131 317,22	159	825,89
Oeiras	101 191,07	131	772,45
Loures	100 261,77	128	783,30
Almada	68 446,94	88	777,81
Odivelas	68 401,07	76	900,01
Sem Concelho	61 816,40	79	782,49
Amadora	60 454,42	77	785,12
Vila Franca de Xira	50 323,59	65	774,21

Table 38  
Value per Member Marital Status

Marital Status	Value (€)	Number of Members	Average Value (€)
Single	1 177 135,79	1 506	781,63
Married	681 411,46	870	783,23
Divorced	76 852,90	98	784,21
No Data	6 235,41	8	779,43
Undefined	1 010,24	1	1 010,24

Table 39  
Value per Age Group

Age Interval	Value (€)	Number of Members	Average Value (€)
<14	143 840,16	200	719,20
[14-17]	161 533,35	206	784,14
[18-24]	177 529,61	225	789,02
[25-34]	222 073,47	271	819,46
[35-44]	423 242,86	539	785,24
[45-54]	359 576,82	458	785,10
[55-64]	276 255,55	356	776,00
>64	178 593,98	228	783,31

- From the top 10% value members (2 483), more than 58% are *Maior*, representing almost 60% of the total value;
- Regarding the value per city, the most valuable members are all within a 50km radius of Lisbon (exc. *Sem Concelho*)
- Most members in the top 10% are Single. However, all categories have an approximate average value;
- Regarding the age group, the highest total and average values are in the 35 to 44 years group and, together with the groups 45 to 54 and 55 to 64 show an average value over €771,86 per member.



# RESEARCH & RECOMMENDATIONS

## Methodology and problem

The qualitative research was based on 78 one-on-one semi-structured interviews with SL Benfica's supporters, members and ex-members. The purpose of the interviews was to gather information on two main aspects:

- what drives supporters to become paying members - what are the triggers behind that leap – and what drives members to stop paying membership fees and become ex-members.
- How is the club performing in its online channels, namely the website and mobile app. What is the general feeling behind the usage of these tools and what customers feel should be possible improvements.

## Main objectives

- Understand the needs and wants of paying members that may lead to an increased value proposition
- Understand the perceptions of the differences between being a supporter and a paying member
- Finding the main triggers and reasons behind supporters no becoming paying members
- Understand how supporters and members use the app and website

Members stop being paying fees due to its price, lifestyle changes and decreasing engagement that, ultimately, leads to lack of interest in being a member

11 | Research & Recommendations | Reasons

Reasons not to be a member

- Although the membership is a good deal, they don't have available income;
- Lack of available time to enjoy the benefits;
- Too expensive;
- Living far from the stadium.

*"I think it's appealing, but I'm a student I don't work to have 12€ for month to spend on Benfica" (M, 18-24)*

*"I just didn't yet because right now I feel that I don't have time to enjoy the membership. But I'm seriously thinking to buy that and It's a very good opportunity to be a member. (M, 25-34)*

*"Even though my family and I are great Benfica supporters, financially the membership is expensive in terms of contribution for the amount of benefits offered, since our hometown is Porto, so nobody of us is a member" (M, 18-24)*

*"Benfica is in my heart, that is my daily touchpoint \*laughing\* Unfortunately, I have lost the touch, it is too far away to have daily contact." (M, 25-34)*

See Interview guide in Appendices 25 & 26)

Reasons to have become a member

- Family member is a major influencer and pays the membership
- Price seen as fair
- Feeling of helping the club
- Having discounts in tickets and merchandising

*"I think it was because of the influence of my family in the beginning, because my mother was the one that in the first place that made me a member of the club, she still does because she's the one who pays. (M, 18-24)*

*"At this is a very fair deal, and I would not give up my membership in the current conditions. " (M, 35-44)*

*t's a way to help the club it's really an important revenue the associates fees." (M, 18-24)*

*"I have used the Benfica card to attend matches at the stadium and I have also used it to buy a t-shirt because I had the discount of being a member" (F, 18-24)*

Reasons to give up being a member

- Price
- Lifestyle change
- Engagement decreased throughout the time

*"Definitely the main reason for me cancelling the membership was the price of it. When I turned 18 I'd have to pay a membership fee every year, so my dad and I decided to cancel it since I was not very into it." (F, 18-24)*

*"My membership cancelling was mostly due to the fact that somehow my life has changed a lot since I have my son. My priorities kind of changed and now I see my friends less that still go to the games, but my son is taking a lot of time." (M, 25-34)*

*"I used to be really engaged with the club, now not so much. [...] Two years ago I stopped being as engaged [...] maybe because my favourite players left the club." (M, 18-24)*

The ultimate goal is to have the biggest base of long-time members that have a strong relationship with the club and have fallen in the loyalty loop

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## 11 | Research & Recommendations | Customer Segmentation

The segmentation method proposed was based on the semi structured interviews analysed and relevant literature that generated the need to create a method based on the relationship the customer has with the club, namely which phase it is on in his journey and what type of value he generates to the club. Benfica shall segment its customers into six main categories:

**Sympathizer:** those who connect to the club superficially, enjoy matches, follow the club and may sporadically go to the stadium. These may move to become Supporters, Fans or Members.

**Supporter:** customers who have a long-time or sentimental relationship with the club that doesn't translate into great financial actions, meaning that they do not pay a membership. These customers may become members if the value proposition makes financial sense to them and there is availability to enjoy it.

**Fan:** consumers who have a market-centred relationship with the club, buy products and tickets but are not paying members. These customers can also become members if they find the membership value proposition to be worthy.

**Member:** customers who have a relationship with the club that may vary in type but is supported by a membership payment. These customers may become Long-time members which is the ultimate goal or become ex-members depending on factors such as lifestyle changes, family influence, financial reasons and others.

**Long-time member:** customers who have been paying a membership for over 10 years and are now expected to have an emotional long time relationship with the club. They can still become ex-members although it is less likely than recent members due to the history with the club and emotional bond. This is the category that should generate more value in the long run and provide a valuable long-time customer base

**Ex member:** members or long-time members who have decided not to pay a membership fee anymore. This category is similar to the supporters as they are both customers who have an emotional relationship with the club that doesn't translate into financial actions but differs in the history they already have with the club.



SL Benfica’s website is infrequently used by most interviewees which use it mostly to check prices and buy tickets which they claim to be a hard task

11 | Research & Recommendations | Website: usage

Usage

- Interviewees use the website **infrequently (1 time per month)**, visiting more often SL Benfica’s social media pages;
- Main reason to use the website: To buy tickets;
- Additionally, interviewees use the website just to check prices (of tickets and of merchandising), to purchase merchandising or to see matches’ schedule and results;
- Finally, some mentioned accessing the website to see news (even though the majority of interviewees state that prefer to see news in sports newspapers).

Positive thoughts

- Many respondents liked this new website and mentioned that it has a **good design**, and considered that it is **cleaner, more attractive and more modern** than the old website;
- Buying tickets from the website was considered by many, a **fast** and **easy** process.

*Actually I think it is much better now. I don't think I would change anything (C, F, 25-34)*  
*It's really easy to buy a ticket on the website and It's easy and you can buy very very fast and I hadn't problem with that (C, M, 18-24)*  
*It's more sophisticated. The old site was not so contemporary. It has more highlights and it is more intuitive (A, M, 18-24)*

Negative thoughts

- Some mentioned that the website is **complicated, being difficult to find the information needed**;
- Some mentioned that the process of **buying tickets had some failures**;
- Few mentioned the **fullness** of the website;
- **Lack of interaction** and **being slow** were also mentioned by few respondents.

*"I don't like the website. It is very cluttered. You open the page and it is full of really big squares and stuff" (B, F, 18-24)*  
*"The website is difficult to navigate and has too much advertising. The website lacks in captivating content like training videos and highlights." (A, M, 25-34)*



The website needs improvement through clearer and more engaging and attractive content and space to create a community

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## 11 | Research & Recommendations | Website: suggestions

### Suggestions

- **Make it more clear:** *There shouldn't be so much stuff (C,M,18-24,G07); Keep things easier to find informations (C,M, 18-24)*
- **More video content:** *Maybe if they have more videos available it will be also nice (C,M, 18-24)*
- **Add payment methods:** *The means of payment when you want to buy tickets: it is not possible to pay with an ATM reference (C,M,18-24,G07)*
- **More engaging and interactive**
  - Emotional connection with the fans:**
    - *It would be nice to have a personal page where you can see your relationship with Benfica, like your CV for Benfica [...] to establish a relationship. It needs to create an emotional connection. Right now, they only tell you how much money you owe them, an how I can spend my money. (C, M, 18-24)*
    - *So I think they could create an area in each they give much more insights about personal life of players and coaches, in order to create a more personal relationship with us. Because usually people connect with stories and with other people. (B,M, 18-24)*
  - More about Benfica:**
    - *I don't know, maybe I put more things about the history of Benfica, more things about the players, more things about the stadium (A,M,25-34,G03);*
  - Sense of community:**
    - *Some section were the fans can write together (A, M, 18-24)*
- **Space for direct contact with the club:** *I don't know if there's an option to chat with someone from Benfica, because sometimes it's not so easy to contact Benfica's services to know information in general (B, M, 18-24, G03)*

The app is not very successful amongst interviewees, who have mentioned that they have only used it few times or never

## 11 | Research & Recommendations | App: usage

### Usage

- Out of the ones that have used SL Benfica's app, the majority have only use it once or just few times in their life.
- Out of the ones that do not use the app, the most common argument used is the lack of memory in their smartphones. Due to this, many respondents said that they only have the apps they use more frequently:

*I'm aware of the app but my phone sucks and I have no memory, which means that I would have to delete another app to install this one" (A, M, 25-34, G02)*

*In some cases, interviewees were unaware of the existence of the app - Is there a Benfica app? (A,M, 18-24,G07)*

### Positive thoughts

- From the ones that use the app, **sharing the RedPass** was considered the most appreciated feature. Even out of the ones who have not used the app, it was considered as an interesting feature;
- **Not having to bring a printed version** of the ticket to the stadium was also considered as one of the best features.

*Regarding the Red Pass it is amazing if we don't have to meet physically to give my card! (A,M,18-24)*

*I would only use it if I can use my friends' Red Pass to go watch a game. (A,F, 18-24)*

*I like it; it's well organized (B,M,18-24)*

### Negative thoughts

- Many interviewees do not see the **added value of the app**, and believe the website is enough for their daily needs;
- Many mentioned that the app was **only useful for members**;
- Additionally, some pointed out that the app was **slow** and **not user friendly**;
- For some, it is **not an intuitive app**;

*It makes more sense for members or people that interact daily with Benfica (C,M,25-34)*

*The app follows the same pattern as the website and doesn't help create an emotional connection yet (B,M,18-24)*

*Unfortunately the Benfica app was one of the sacrifices but I guess that Facebook and the website provide the same information (C,M,25-34)*

The app needs to be restructured to have a community, be more personal and allow for game watching and interaction

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## 11 | Research & Recommendations | App: suggestions

### Suggestions

- **Profile of players/More personal content**

- *I would create more content to the fans e.g. profiles of the players with videos of their daily life. I have seen this in other clubs (A,M,18-24)*

- **Create a Community**

- *I think it would be very interesting if there was like a community where you can talk to other people, that way it would help not only like to ask some questions, to other people, to other members and it could have like reducing the amount of e-mails that Benfica receives, because since there's a large community, many people know thing that others don't. It's not like a chat, I mean, it could be a chat where you had your friends, your other friends from Benfica, it could be interesting. And maybe a space where there's more interaction between members, like a forum (B,M,18-24)*




- **Possibility to watch the game on their cell phone**

- *I would also really like to see the link on the app, for people who wish to watch the game on their phone (B,M,18-24)*

SL Benfica should explore the applications of Machine Learning in its fanbase, aiming to enhance the fan relationship management and, consequently, optimizing the CRM practices

11 | Research & Recommendations | Machine Learning Application

Nowadays, Machine Learning algorithms are being applied on companies from the most diverse areas. As matter of fact, it became essential for the way companies, and more specifically marketers, address and relate with their current and potential customers<sup>166</sup>. As such, SL Benfica can exploit this growing field to predict with relative accuracy the fans and members' future behaviours.

General Recommendations			Specific Applications
<div><p><b>Data Quality &amp; Relevance</b></p></div> <div>SL Benfica should collect detailed information about he fans' interests (possibly through a Facebook plug-in to login in <i>MyBenfica</i>) (see Appendix 27 for ways of improving the database)</div>	<div><p><b>Human Resources</b></p></div> <div>Create a team dedicated to the field of Business Analytics</div>	<div><p><b>Technology</b></p></div> <div>Leverage the partnership with Microsoft and integrate the Microsoft Azure with the system, namely: Azure SQL Data Warehouse, Azure Storage and Azure Machine Learning.</div>	<div>Using either supervised and unsupervised learning algorithms and taking into account the historical data of fans and members, it is possible to draw the following applications of Machine Learning in the SL Benfica's context.</div> <div><ul style="list-style-type: none"><li>• Computation of each fan's propensity to become a member;</li><li>• Predict which members are most likely to stop paying his/her fees;</li><li>• Computation of each member's propensity to buy and renew RedPass, based on the historical behaviour;</li><li>• Identify the important marks of members' life. For instance, identifying when members become parents allows SL Benfica to send a small gift for the new-born as well as a member's proposal;</li><li>• Segment the fans and members through Cluster Analysis, based on data from previous interactions (such as fees payment, merchandising and tickets purchase, among others).</li></ul></div>

With the aim of optimizing future analyses of marketing campaigns, a framework for its implementation and measurement is proposed

## 11 | Research & Recommendations | A Framework for Devising and Measuring Marketing Campaigns

### Importance of Directed Campaigns

- Directed campaigns allow companies to attain better commercial results by reducing the “uncertainty” on the receptivity of the targeted group. The factors that drive campaign generation relate to product (or service) portfolio, commercial goals, availability of resources and campaign history.
- Thus, when devising campaigns, it is important to elaborate a plan that maximizes the efficacy of that campaign and also enables for a correct measurement of its results.

### Campaign Analysis

- For years, companies have mistakenly measured campaign success by calculating “revenue - cost”. However, with the need for prioritization and the advent of “regular campaigns”, comparison of revenue between different campaigns and comparison between campaigns happening in similar periods, became the best practice.
- Nowadays, however, reasonable campaign analysis always consider the control group - a portion of customers equally likely to accept the campaign but that are not targeted. Purchase behaviour is monitored for both groups [test and control] and is followed by an analysis of variance, with the aim of identifying any significant differences.

### 10 Step Framework for e-mail and SMS marketing campaigns

- 1<sup>st</sup>: Establish the objectives of the marketing campaign;
- 2<sup>nd</sup>: Select the target;
- 3<sup>rd</sup>: Define the offer;
- 4<sup>th</sup>: Select the channel(s) to be used;
- 5<sup>th</sup>: Write a clear and concise message specifying the offer, why the customer is receiving it and what should be his next action (provide links that redirect to the desired destination, if applicable). It should also be adapted to mobile devices;
- 6<sup>th</sup>: Segment the database according to the required customer characteristics, creating both an experimental and a control group (that should be randomly selected and possess the same characteristics except for the exposure to the independent variable: the access to the message);
- 7<sup>th</sup>: Define timings for the campaign (beginning and termination dates);
- 8<sup>th</sup>: Launch and supervise the campaign
- 9<sup>th</sup>: Terminate campaign by ceasing e-mail and SMS circulation and assess results (delivery, open, click-through, forward and conversion rates of messages and comparison between experimental and control groups' results);
- 10<sup>th</sup>: Communicate results to CRM head of department and upper management

11 | Research & Recommendations | Marketing Campaigns - Membership Value

1. Creation of a Lifelong Member Kit | Keep

Objective

- Offer a gift in some of the most important moments of the members’ life;
- Recognize the members and their loyalty towards the club;
- Keep fans engaged with the club and create a relationship with them.

Mechanics

- **Kit Baby Águia:** when the newborn becomes a member;
- **Dá o Pontapé de Saída:** offer a SL Benfica notebook when enrolling in school;
- **X Anos à Benfica:** offer a recognition letter, a stylized pen and a video highlighting the most remarkable team moments on the member’s Xth (3, 5, 10, etc.) membership anniversary

- The letter and pen are sent by post. A one-way e-mail is sent containing the video.

Target

- All SL Benfica members that reach the mentioned milestone.

KPIs

- Member retention rate.

Timeline

- Ongoing.

Budget Considerations

- Price of each gift;
- Communication costs.

2. RedPower às vantagens | Keep and Grow

Objective

- Increase the awareness of RedPower;
- Increase the usage of the RedPower program.

Mechanics

- The goal is to communicate (by email) the partners’ offers that are adequate to each customer segment. The segmentation criteria is demographics and type of RedPass bought (Ex. “Guia o teu clube à vitória” - highlight partnerships with driving schools for the members aged 17; “Junta a tua equipa e fica um passo mais perto do 37” - 37% discount on pizza on game nights for young people)

Target

- All SL Benfica members.

KPIs

- Open Rate;
- Click-through rate;
- # of times used;
- % increase revenue.

Timeline

- Ongoing.

Budget Considerations

- Communication costs.

\*Other moments, such as going to university, marrying and having babies, should also be highlighted once Benfica has the ability to collect this type of information

\*\* These gifts should be given in addition to “Águia de Prata” e “Águia de Ouro”

\*Once the members will start using the RedPower, Benfica can communicate other partnerships based on the consumption of each member



Making RedPower advantages more attractive and gamified. Share and congratulate members on the club’s yearly achievements by showing them what their contribution was

11 | Research & Recommendations | Marketing Campaigns - Membership Value

3. RedPower Points’ System | Keep & Grow

Objective

- Develop a point system for the RedPower program that encourages members to use their cards.
- Reward the members that use RedPower the most.

Mechanics

- Accumulate points that can be translated into match tickets and merchandising - mandatory to “register” Benfica card in the act.
- Different types of prizes, according to the points gained.

Target

- All SL Benfica members.

KPIs

- # of members per (point) level;
- # of times used;
- % increase revenue.

Timeline

- Ongoing.

Budget Considerations

- Price of each gift;
- Communication costs.

4. End of the year key contribution | Keep

Objective

- To create a lasting and thankful relationship with members by signaling their individual impact on Benfica’s accomplishments (e.g. our members contribution allowed us to do X in Fundação Benfica, it allowed us to buy the following players, ...)

Mechanics

- Send an email at the end of each year highlighting the impact of that specific member in SL Benfica’s activities. The email should also contain the links related to the activity’s news (if applicable).

Target

- All SL Benfica members..

KPIs

- Open Rate;
- Click-through rate;
- Forward rate;
- Member retention rate.

Timeline

- Yearly.

Budget Considerations

- No budget considerations.

# Formulate campaigns targeting specific months that have lower merchandising sales values

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## 11 | Research & Recommendations | Marketing Campaigns - Merchandising

### 1. *Agora que já pediste o Penta, começa o ano em grande* | Grow

#### Objective

- Increase sales during the months of January (the month that registered the lowest sales values on the previously mentioned time frame) and September (the second lowest).

#### Mechanics

- The campaigns will be promoted through Facebook Ads and SMS;
- “Agora que já pediste o Penta, começa o ano em grande” – January;
- “Começa a nova época à Campeão” – September.

#### Target

- Everyone with a “like” on SL Benfica’s Facebook page;
- Everyone registered on MyBenfica;
- All SL Benfica members.

#### KPIs

- Open rate;
- Click-through rate;
- # items sold;
- % increase revenue.

#### Timeline

- January;
- September.

#### Budget Considerations

- Communication costs;
- Costs with ads.

# Nurture the family relationships that will convert young members into lifelong members

## 11 | Research & Recommendations | Marketing Campaigns - Families

### 1. Torne as suas pequenas águias sócias | Get

#### Objective

- Increase the number of early age members and drive them to become lifelong members, by creating a sense of belongingness to the Club from an early stage as well as linking SL Benfica to a family activity.

#### Mechanics

- Send an email with “Kit Baby Águia” to members who recently (in the months before the “chosen month”) bought *Bilhete Família* or merchandising for children.

#### Target

- Members who buy *Bilhete Família* tickets and kids merchandising;

- Possible parents (people between the 25-50 years flagged as potential parents based on previous interactions with the club).

#### KPIs

- Open rate;
- Click-through rate;
- # new members, in the 0-13 age group.

#### Timeline

- March/April (Easter), July (before Children’s Day and end of school years) and December (Christmas)

#### Budget Considerations

- Communication costs.

### 2. Equipe as suas pequenas águias | Grow

#### Objective

- Drive sales for children merchandising products.

#### Mechanics

- Send an email promoting children merchandising products to members who already went to matches in the *Bancada Família*;
- Send an SMS one week before the event.

#### Target

- Members that bought family tickets and attended the matches with younger supporters.

#### KPIs

- Open rate;
- Click-through rate;
- # items sold.

#### Timeline

- March/April (Easter), July (before Children’s Day and end of school years) and December (Christmas).

#### Budget Considerations

- No budget considerations.

Promote the idea that being a member is part of family tradition and that SL Benfica is able to bring together generations that share a common love for football and the club

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## 11 | Research & Recommendations | Marketing Campaigns - Families

### 3. Three Generations Day | Get and Keep

#### Objective

- Increase the number of younger members, whilst promoting interaction within families and, more importantly, increase the sense of belongingness.

#### Mechanics

- The free event will be hosted during the months of June and/or July and it will have several activities to promote engagement such as quizzes and treasure hunts;
- After you successfully acquire these new younger members, a prize for the “3 generations” will be given (e.g.: a personalized trophy to each generation), representing their commitment with the club;
- The event will be announced on social platforms one month before taking place;
- An email invitation will be sent to the targeted audience two weeks before where members can enroll in the event;
- A reminder SMS is sent one day before (where members can dropout).

#### Target

- Members that bought family tickets and attended the matches with younger supporters.

#### KPIs

- Open rate;
- Click-through rate;
- Forward rate;
- # enrollments & dropouts in event;
- # new members.

#### Timeline

- Months of June and/or July (these are the months with lowest new member enrollment and the stadium is, probably, less utilized)

#### Budget Considerations

- Communication costs;
- Activities’ costs.

Target *Juvenil* members and convert them to *Maior*. Engage *Correspondente* members with the aim of preventing distance from becoming a demotivational factor

## 11 | Research & Recommendations | Marketing Campaigns - Churn

### 1. Não deixe o seu filho perder isto | Keep

#### Objective

- Keep *Juvenil* members engaged, in order to avoid dropouts from this category of members.

#### Mechanics

- The goal is to send an email to each *Juvenil* member's parent showing what happen with the club during the time in which both him and his son were SL Benfica's members.

#### Target

- For all *Juvenil* members, whose parents are also members and who have 1 month of delayed fees.

#### KPIs

- Open Rate;
- Click-through rate;
- % churn from *Juvenil* members.

#### Timeline

- On going: when a *Juvenil* member forgets to pay one fee or when the member changes from *Infantil* to *Juvenil*.

#### Budget Considerations

- Communication costs.

### 2. Boleias à Benfica | Grow

#### Objective

- Increase retention of *Correspondente* members, who will feel closer to the team and SL Benfica community.

#### Mechanics

- Create a tab in the club's website that promotes carpooling between members - it will work as a forum-like page where members are able to post when they have available seats in their own cars and/or wish to join someone else's trip to the match.
- This will be communicated through an SMS - sent one week, three, two and one day before the matches – that redirects to the website.

#### Target

- All *Correspondente* members that don't come regularly to the matches.

#### KPIs

- Click-through rate;
- # posts in the forum;
- % churn from *Correspondente* members.

#### Timeline

- Ongoing throughout the season.

#### Budget Considerations

- *Comboio Benfica* cannibalization;
- Communication costs;
- Website reformulation and maintenance costs.

With the aim of reducing the number of cases with delayed fees, convince members to adhere to the *Débito Directo* payment method by making it more attractive

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## 11 | Research & Recommendations | Marketing Campaigns - Churn

### 3. *Débito Directo? Não custa ganhar prémios!* | Get and Keep

#### Objective

- Convert *Cobrança Postal* members to *Débito Directo*;
- Promote *Débito Directo* amongst the new members.

#### Mechanics

- A contest will be held every month in which a prize will awarded to a randomly chosen *Débito Directo* member (only);
- The prize is associated to each month’s calendar events and should be linked with RedPower partners or Benfica’s own products (e.g. the prize in February, due to the Valentine’s day, could be a weekend for two in one of Vila Galé’s hotels);
- The website should highlight all the advantages of *Débito Directo* and discourage (almost “hide”) all other paying forms;
- An email is sent to all “*Cobrança Postal*” members informing about the initiative and link to “*Débito Directo*” conversion.
- An SMS is sent to “*Débito Directo*” members with a Yes/No button that enables them to enroll in the contest (for free).

#### Target

- Members that use *Cobrança Postal* paying channel
- Members that use *Débito Directo* paying channel
- New members

#### KPIs

- Open rate;
- Click-through rate;
- Conversion Rate (of actual *Cobrança Postal* members);
- # new *Débito Directo* vs *Cobrança Postal* members.

#### Timeline

- Ongoing throughout the season.

#### Budget Considerations

- Communication costs;
- Price of each gift (if applicable).



An aerial view of a football stadium during a match. The pitch is green with white markings. The stands are filled with spectators. The word "REFERENCES" is overlaid in the center in a large, white, serif font. The stadium is surrounded by a concrete wall with various advertisements, including "WESTERN UNION", "WU.COM", "htc one", and "SHACKED TAMOS".

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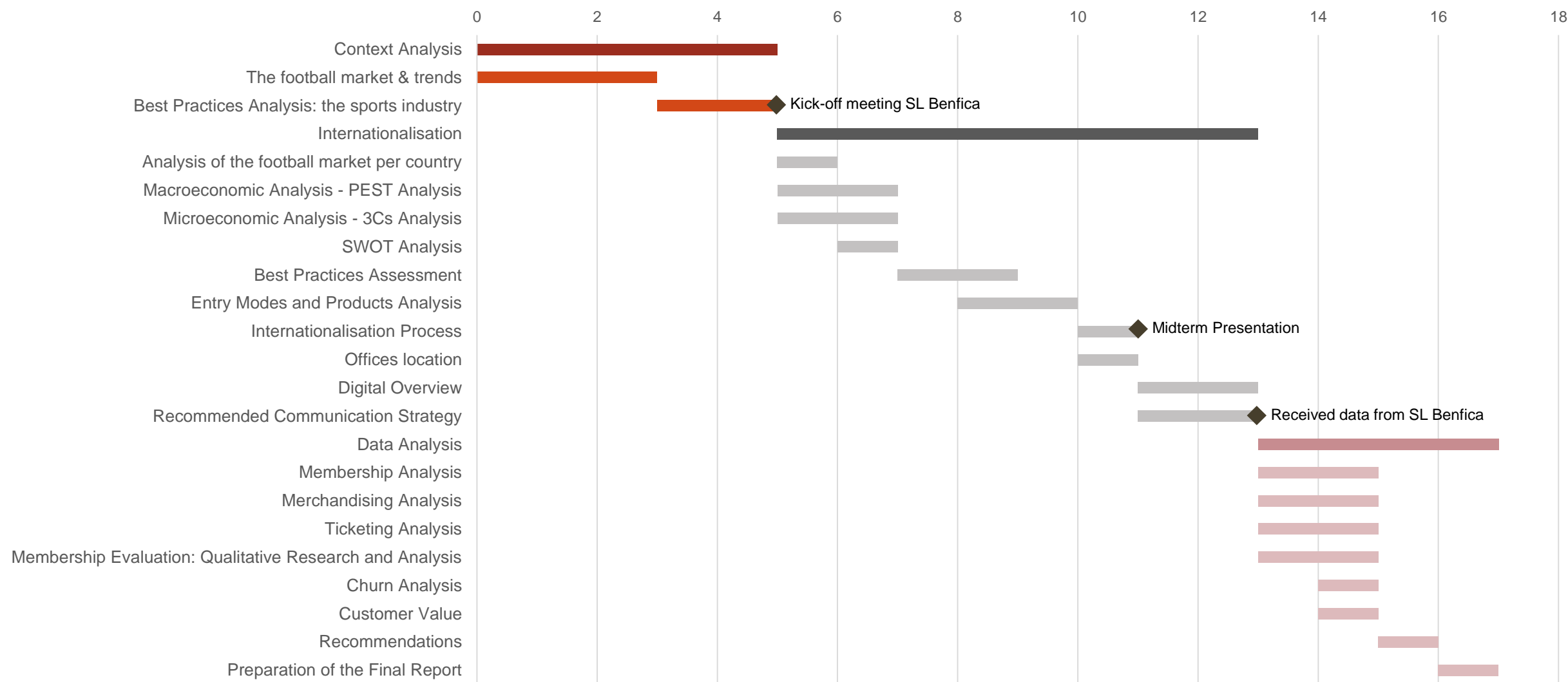


An aerial view of a football stadium during a match. The pitch is green with white markings. The stands are filled with spectators. The word 'APPENDICES' is overlaid in the center in a large, white, serif font. The stadium is surrounded by a concrete walkway with some staff and equipment visible.

# APPENDICES



# 13 | Appendix 1 | Timeline





### Strengths

- Football as part of the Portuguese culture;
- Most practiced sport in Portugal<sup>2</sup>;
- Growing number of spectators<sup>2</sup>;
- Growing stadium occupancy rate<sup>2</sup>;
- Recognition in the world of football.

### Opportunities

- Internationalisation;
- Better exploitation of the digital channels;
- Improvement of the fan experience and consequent strengthening of the relationship fan-team;
- eSports;
- Current improvement of the image of the sport among the female fans.

### Weaknesses

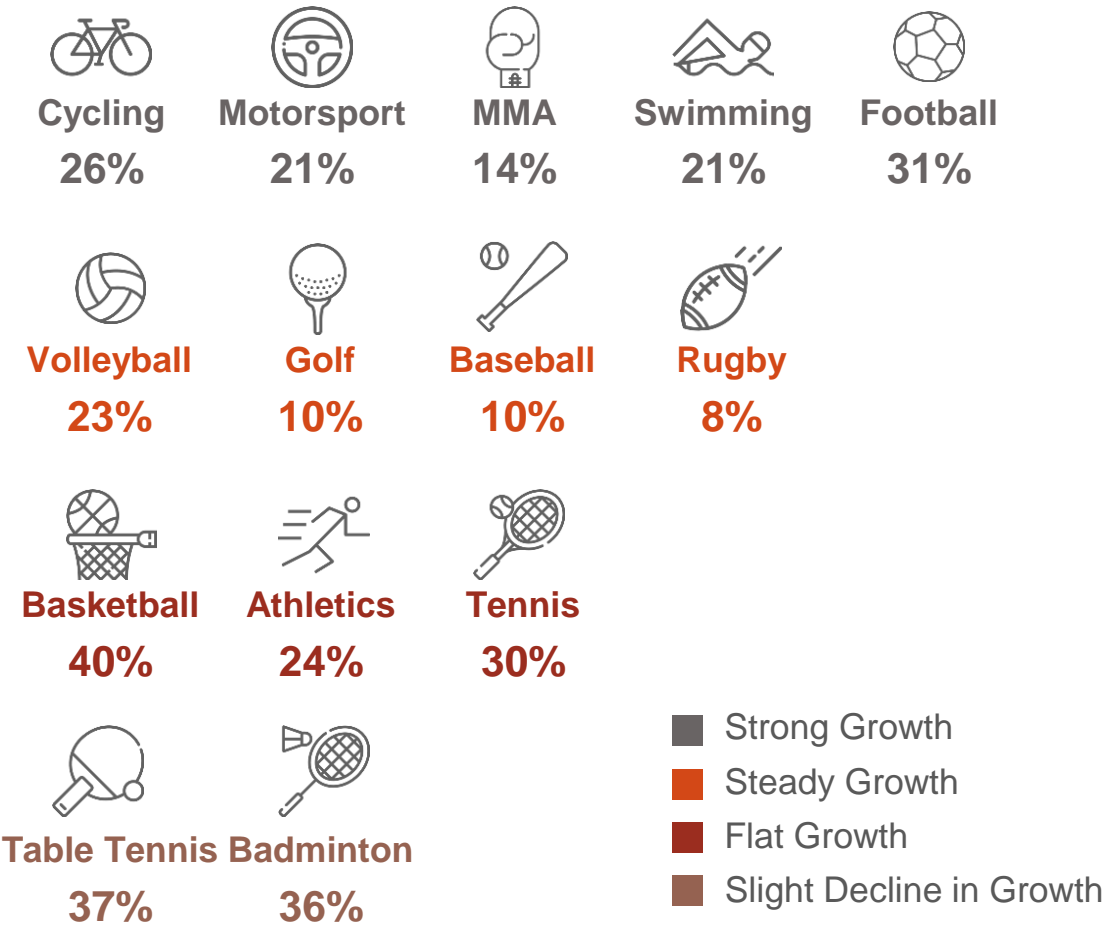
- Great disparities between the top-performing and the small clubs;
- High dependency on unpredictable sources of revenue (UEFA revenue) – without it all the Big Three would have incurred in a loss <sup>5,167,168</sup>;
- Great wage/revenue weight <sup>5,167,168</sup>;
- High debt of the Portuguese clubs <sup>5,167,168</sup>;
- Low overall stadium occupancy rates <sup>2</sup>;
- Small domestic market/population.

### Threats

- Access to the champions league: is the league moving from the “Big Three” to the “Big Two”?;
- Deterioration of the Portuguese football image and credibility – aggressions; threats; corruption.

Current Chinese Interest Levels in Selected Sports<sup>8</sup> (%)

Colour coding indicates the rate of change over the last three years



The NBA is the number one league online in China. The long-term focus of the NBA on new technologies and areas of growth has impacted its success dramatically. The result is that the NBA is 7 times more discussed online, has 5 times more followers and is 6 times more engaged than the top 3 European football leagues combined online in China<sup>169</sup>.

NBA<sup>169</sup>

1. Power of the League as a Whole

NBA teams are only responsible for marketing their brands within a strict 150-miles radius of their hometown. Outside this territory, the NBA has a monopoly, and teams are not allowed to run ads or monetise digital or social content. This happens since the majority of the content is distributed using the league’s own channels, making fans more connected with the league.

2. Financial Resources

Due to its financial resources, which are higher than any football club or league, NBA is able to activate its fans in China. Since the China Games and the Junior NBA initiatives are entirely owned by NBA, having implications on the popularity level, reputation level and recognition level.

3. Grassroots/Heritage

Basketball has grown organically once it is present in the country for around a century. This fact helped to develop a passionate and active fan base, who is constantly engaged with the NBA’s official accounts. NBA is continuously investing in China, and is currently turning these efforts into digital.

Football<sup>169</sup>

1. Dedication

Since football clubs are facing fierce internal competition and since they have more freedom abroad than NBA teams, they are investing heavily on marketing themselves as global brands. This is visible in the club’s pre-season tour, in which many more football teams visit China when compared to NBA teams.

2. The Nature of Football

More important than the league as a whole, Chinese football fans follow clubs and players they like. Thus, and due to the independence of football clubs from the league, this shifts fans attention to clubs.

3. Issue of NBA structure

As mentioned before, and since the NBA has centralized management of every team’s digital and social media, they lack personalization across teams and not a differentiating positioning. This gives an advantage to football teams to engage with their target and to build their brand as they think is more adequate.

## 13 | Appendix 5 | Internationalisation China: 3Cs - Competitors: Physical Presence

Chinese football at the moment is engaged in acquiring knowledge and expertise from abroad. Due to this, many European Football Clubs have already entered the market in the hope of increasing their fan base.

### Competitors - Examples of Physical Presence

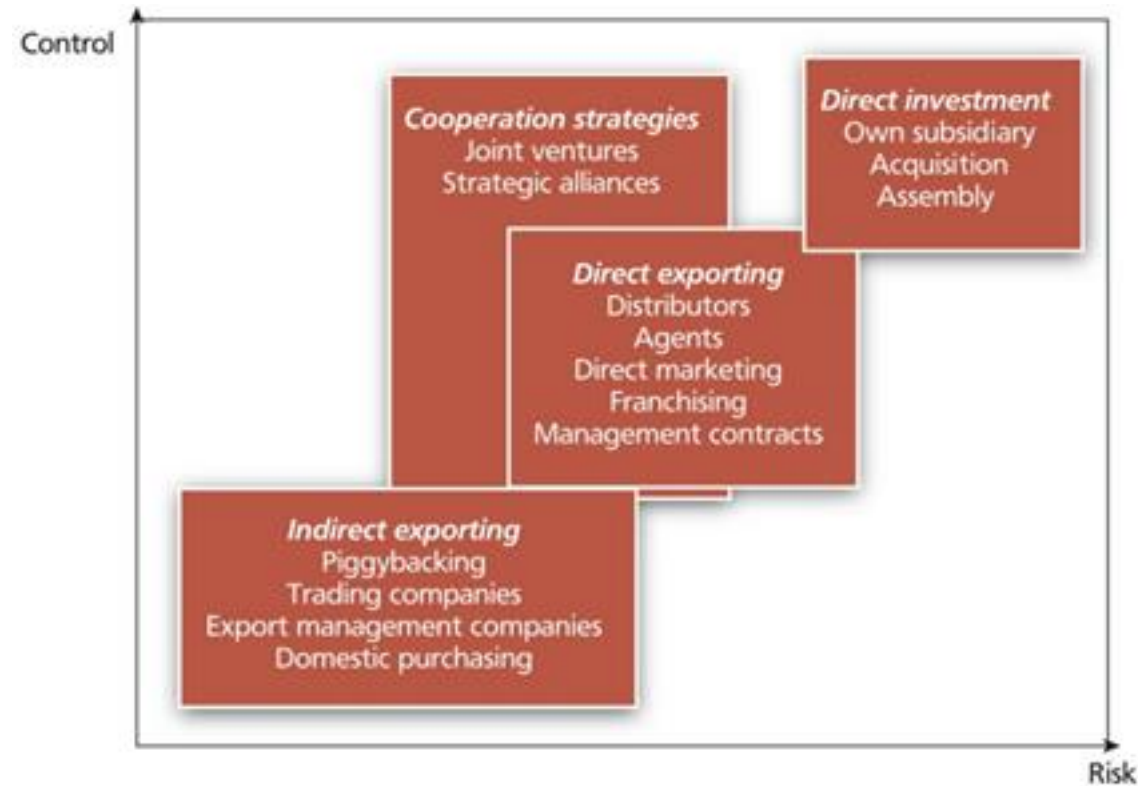
- Manchester United - restaurants, soccer school (Hong Kong) , stores, summer camps (Shanghai), Manchester United Camps (Beijing) <sup>37</sup>;
- Real Madrid - football school (Qingyuan) in partnership with Guangzhou Evergrande. Planning to open an office in Beijing<sup>170</sup>;
- Barcelona - football school (Haikou), in partnership with Mission Hills Group - first overseas FCB football school directly managed by FCB. The site will also feature a large 'Barça experience area', with immersive and interactive experiences related to the brand, highlighting the club's history and its major stars, a Megastore and includes a food and beverages outlet. Office in Hong Kong<sup>171</sup>;
- FC Bayern - football schools in partnership with Qingdao Sino-German Park (Qingdao) and with Shenzhen Investment Holdings Limited and the agency China Sports Futurity (Shenzhen in 2019. Will also include an Academy). Office in Shanghai<sup>172,173</sup>;
- Chelsea - football academy (Meizhou) in partnership with Chinese club Guangzhou R&F. Favors quality over quantity - R&F youth teams have won nine national championships over the past two years<sup>174</sup>.
- Inter Milan - academies (Shanghai, Nanjing, Beijing) in cooperation with Yihai Group<sup>175,176</sup>.

Many of these football clubs have programs to improve the Chinese coaching level, in which coaches are sent to the home country of the club to have professional training.

Threat of New entrants: "Pretty much every football club which has some type of deal with the Chinese will have an academy. It's very much Xi's long-term dream of World Cup glory, and building the infrastructure on the ground is exactly what they want." Alexander Jarvis, chairman of Blackbridge Cross Borders (brokers dealer between Chinese investors and European teams). <sup>177</sup>

### FC Bayern<sup>35</sup>

- **Local legal entity and e-commerce platform** – In addition to creating its own legal entity, FC Bayern created its own e-commerce platform, instead of licensing its image rights, as did its European counterparts. Some of the features in Bayern's online presence included extensive product descriptions, promotions and campaigns, player-specific content through special sub-sites, customer chats, and put a lot of effort on product originality, quality and variety with a strong focus on the colour red, following the Chinese preferences. In addition, Bayern holds a flagship store on Tmall. All product, prices and stores' design is kept under Bayern's control, only giving away its logistics to DHL.
- **A strong focus on partnerships** - FC Bayern favours sustainable deals, seldom changing, therefore, major sponsors. The club has a 60-year partnership with Adidas, a 40-year partnership with Coca-Cola or a 15-year partnership with Audi. Ultimately, these long-term partnerships have had a key role in the entry in China. In addition, FC Bayern had focused on forging local partnerships with Chinese football schools, taking advantage of its training expertise, coaches and coaching facilities. As the starting point of its entry in China In 2016, the club opened a soccer academy in Qingdao. More recently, FCB announced its plans to build a soccer school in Shenzhen, on a 5-year deal including agreements on the training and supervision of coaches, a continued knowledge exchange as well as joint training camps. Furthermore, has a promotional 12-day tour in China, with 4 matches against other top European clubs. Chinese football fans appreciate Bayern Munich's team culture, focusing on unity among stars and selflessness. Furthermore, Bayern Munich's team colours are red and white, which has cultural significance in China, as it is associated with good luck and happiness. Finally, many people in China are "Germanophiles", with a love of the Oktoberfest, German engineering, and products that are "made in Germany."
- **A glass-clear brand building communication approach** – Bayern focused a lot on building its club's identity before engaging in extensive sales efforts. Hence, communication has been adapted to the Chinese consumer through customised stories, incentivizing interaction and a clear social media strategy on Chinese platforms. Although all of these efforts are built around the club's sportive success, individual star player content, and the club's tradition and origin, Bayern wants to provide unique and locally focused content, in order to build a strong brand in China, that it is increasingly independent of sports success.



**Source:** Doole *et al.*, 2016, *International Marketing Strategy*, pp.227 <sup>39</sup>



## 13 | Appendix 8 | Internationalisation: Recommended Products

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- **Academies:** Facilities aimed at developing the next generation of world-class players.
- **Football Schools:** Stimulating the development of football skills in the 4-16 age group by establishing training facilities.
- **Coaches' School:** Establishing training facilities to transmit to locals Benfica's training capabilities in order for them to (1) integrate the football schools' team; (2) integrate the football academies' team & (3) transition to other training facilities.
- **Summer Camps:** Develop an immersive training experience for all children, during the Summer, in order to boost the players' performance and for them to develop specific skills sets in a more intimate setting.
- **"Inside Exports":** Bring the most promising youngsters to SL Benfica's training facilities in Lisbon and integrate them in the current classes, in order to (1) boost their ambition and effort, (2) learn from other, more developed, players & (3) put Benfica on the map for more football fans. Moreover, to bring the most promising coaches to SL Benfica's training facilities in Lisbon and integrate them in the senior teams training staff.
- **Pre-season tour:** Create a pre-season tour for SL Benfica's main team around the country in order to (1) expand the digital presence, (2) create more commercial opportunities and (3) increase Social performance, boosting engagement.
- **Academies' Consulting:** Assume the role of external consultants for other clubs. The goal is to pass on the experience and expertise in training players and, ideally, use this position to also function to inspire the best players and attract them to SL Benfica.
- **Online:** Change the online in order to fit the Chinese consumers' needs and wants. Ultimately, these consumers engage and respond differently when it comes to online platforms and deeply value feeling as if their were the sole focus of the company, meaning, companies need to think globally but act locally.
- **Broadcasting Rights:** Set a sell with local company(ies) to sell Benfica's broadcasting rights and, therefore, reach the Chinese population in a more effective way.
- **Product Licensing:** Licensing Benfica's image to produce a pre-established set of goods that fit Benfica's positioning for the Chinese country.
- **Merchandising:** Developing and selling a set of goods that fit Benfica's positioning for the Chinese country.

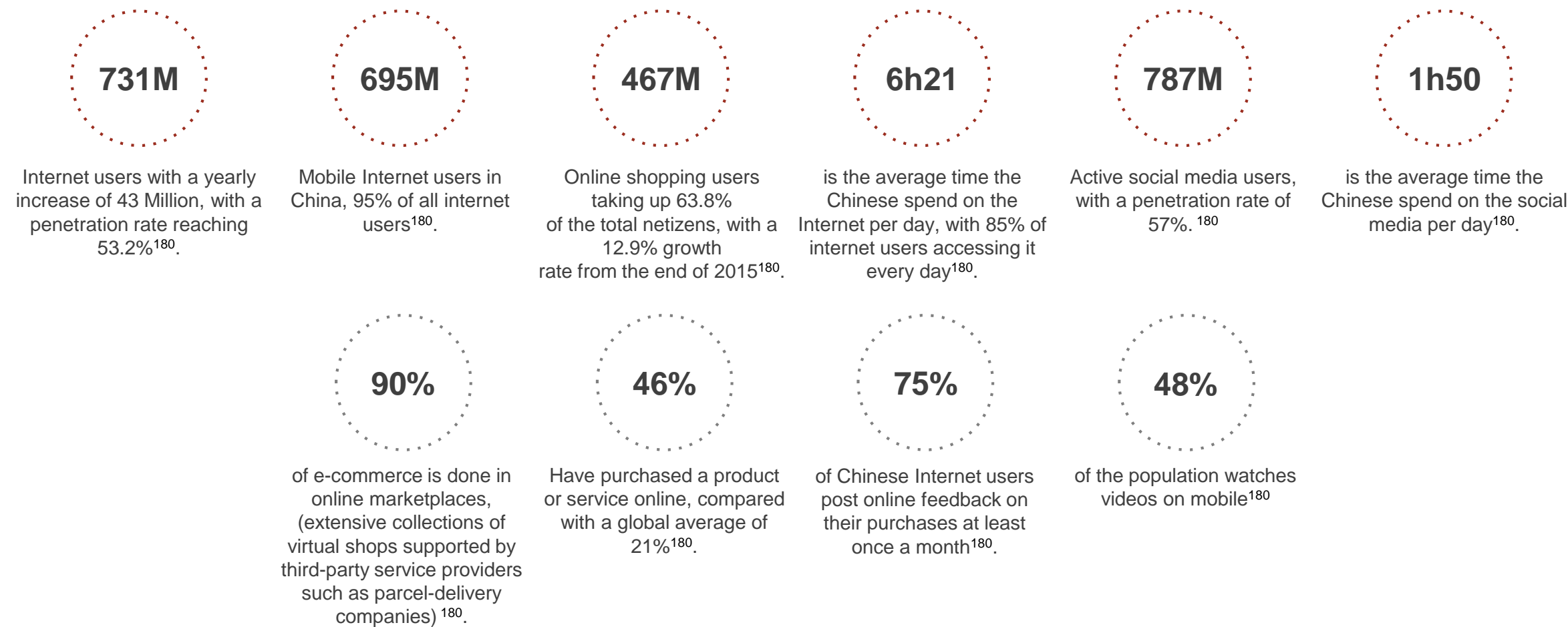
Chinese companies have an active role as sponsors of the European football. Additionally, stakes in many European clubs have been acquired by Chinese groups. SL Benfica can leverage the fact of being sponsored by Huawei (a Chinese company) to increase the brand awareness in the market. Additionally, having an office located in Shanghai will help the club getting new sponsors from this country.

Ownership<sup>8,179</sup>

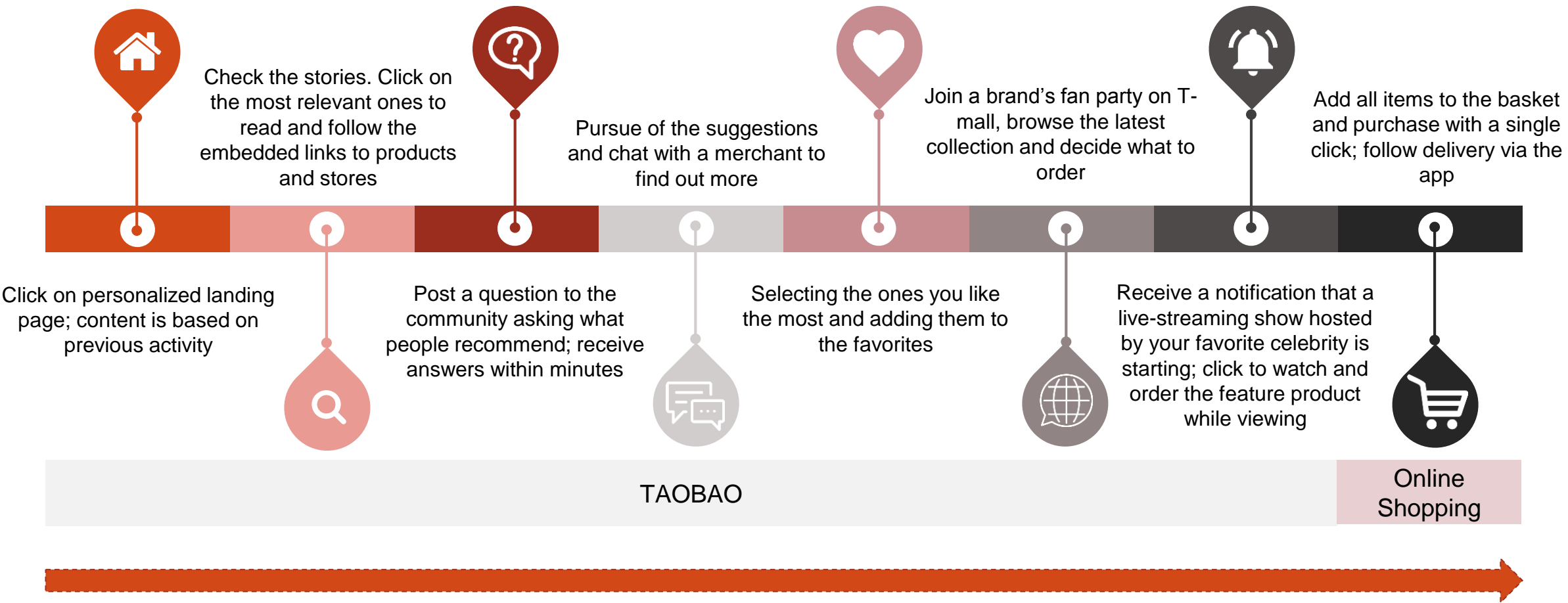
- Manchester City** - 13% bought by a consortium of Chinese state investment funds: China Media Capital and CITIC Capital.
- Atletico Madrid** - 20% acquired by Wanda Group, China's largest commercial property company. Atlético Madrid's new stadium will be sponsored by Wanda Group and will be called the Wanda Metropolitano stadium.
- Inter Milan** - 68% acquired by Suning, a leading Chinese appliance retailer.
- AC Milan** - sold a the Chinese consortium, Rossoneri Sport Investment Lux.

Sponsorships<sup>8,178,179</sup>

- When sponsoring European Football Clubs, Chinese brands look for increasing its awareness, by utilizing the high exposure of the teams;
- Sponsorship deals can take many forms, such as shirts sponsorship in-stadium ads; kit sponsorship and share investments.
- During the 2015/16 season, European clubs received over \$35 million annually from Chinese sponsors. This sponsors came mainly from the phones/hardware sector, but also from the finance and sportswear industries;
- The largest amount spent came from the smartphone manufacturer Huawei, which sponsors several clubs;
- Tottenham and Newcastle United have their shirts sponsored by Chinese companies AIA and Fun88, respectively;
- FIFA's World Cups will also be sponsored by three Chinese companies: Wanda Group, Hisense and Vivo.



Chinese Online Shopping Behaviour 29



### Real Madrid<sup>181</sup>

- The club has a specific online store for United States with free shipping for orders over 50 USD (The club has a partnership with a licensed sports merchandise company called Fanatics which are responsible for the Official Global Real Madrid e-commerce store)
- Real Madrid has clinics all over the U.S, in Pennsylvania, Massachusetts, Connecticut, and many others. Being the winner of the best club of 20th century FIFA award and 12 Champions League title and partnering with a leader in soccer development and travel, generation Adidas international, allows these clinics to be set as an example. The clinics have the purpose to introduce the children through the club values developing the physical, sports and social skills of the students in an international experience. The Spanish club has also social schools in Virginia, Texas and Massachusetts to help children who are at risk of social exclusion, have academic problems and are at risk of dropping out of school.

### Manchester City<sup>182,183,</sup>

- The club bought a club in the MLS renamed New York City, in a partnership with the New York Yankees, creating a key strategic presence in the US market that allows to engage with the fans. The teams share not only the City name but also team colours, sponsorships, marketing, scouting and player development. The idea is to create an independent and successful team that promotes football in this emerging market;
- City Football Group and Goal Soccer Centers, the operator of 5-a-side football pitches formalized a joint venture to expand in the US. Goals's US business will be placed into the 50:50 joint venture while City FG will invest 16 million USD to fund expansion. Goals has 2 centres in the US and a third is being constructed.

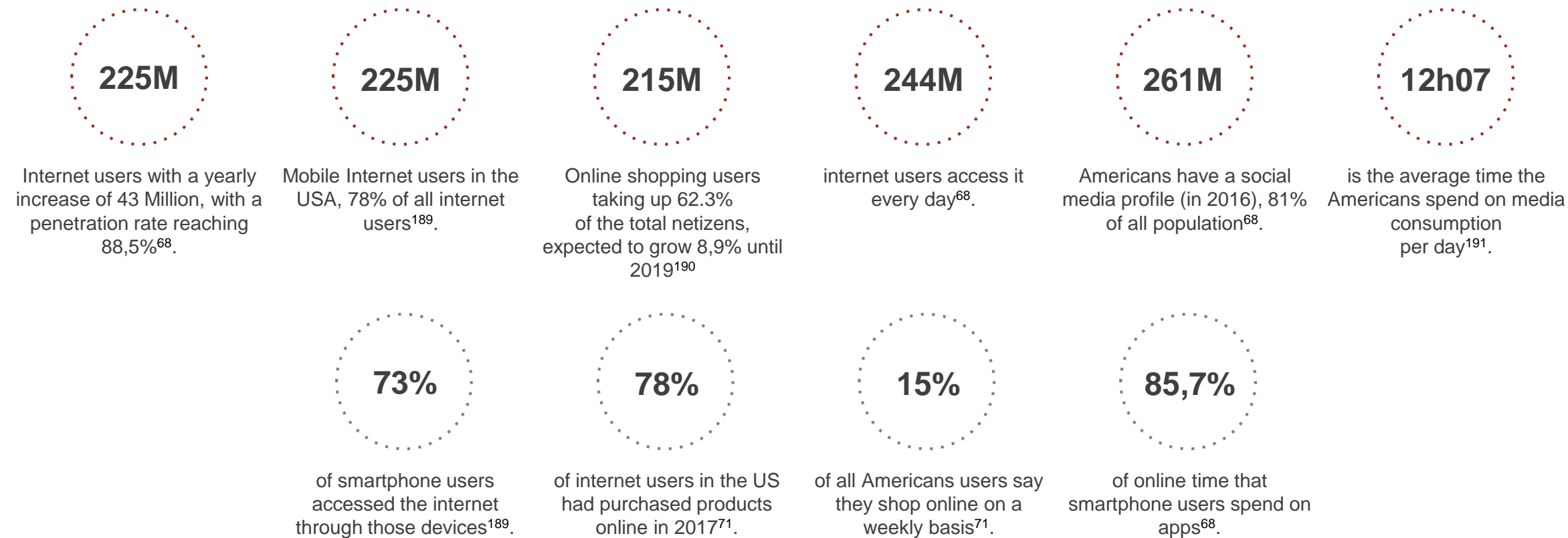
### Manchester United<sup>184,185</sup>

- The club has a specific online store for United States with free shipping for orders over 50 USD (The club has a partnership with a licensed sports merchandise company called Fanatics which are responsible for the Official Global Real Madrid e-commerce store)
- There are 12 fan clubs around the country;
- There are organized tours for US fans to go to Manchester to watch a game;
- There are two different membership packages for US fans with different benefits, the official membership and the USA supporters membership supplement;
- There were Soccer Schools Camps programs for the last 16 years, however they were cancelled this year.

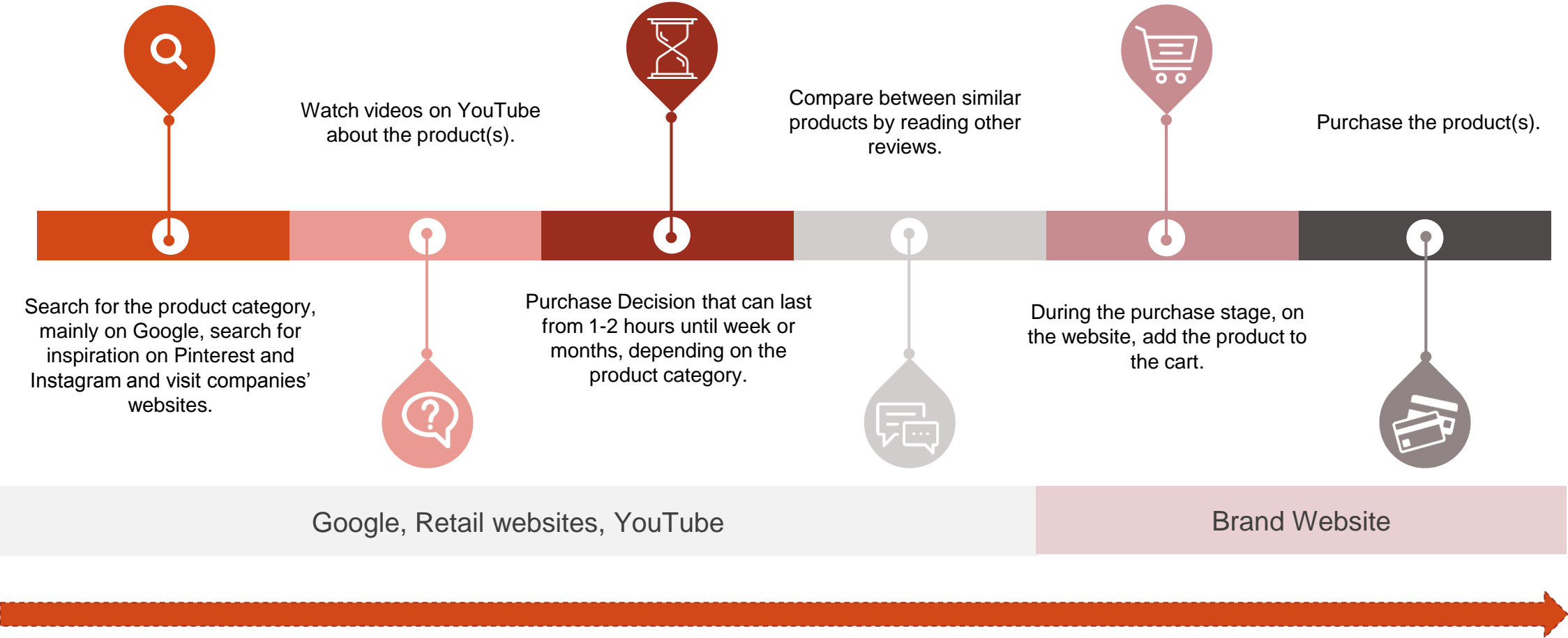
### Chelsea<sup>186,187,188</sup>

- Chelsea FC established its first partnership to implement a youth academic in US with CASL of North Carolina in July 2008. Other academies are present around the US, such as Hawaii, Los Angeles and New Jersey;
- There is a coalition of five official supporters' clubs called Chelsea in America which facilitates the local engagement between the fans. There are membership plans starting in 15\$. This organization has its own social media and allows to have access to discounts to the Chelsea US tour during the pre-season.





Western Online Shopping Behaviour <sup>29</sup>



In what regards ownership, Indian businessmen don't possess a significant share in any worldwide renown club and the investments they have made in football have not been successful, so far. The sponsorship market is growing but doesn't have a lot of strength in terms of international sponsorships.

Ownership

Blackburn Rovers - 99.9% acquired in 2010 by Venky's, a Pune-based poultry and processed food giant. The club entered a acute sportive crises and is now playing on the League One (England's 3rd tier championship) <sup>192</sup>.

Racing Santander - 80% shares acquired by the Bahrain based Indian property magnet Ahsan Ali Syed in 2010. However, by 2011, the tycoon was suspected of fraud in a loan scam and an investigation was opened against him. He disappeared leaving the club in a financial crisis<sup>193</sup>.

Queen's Park Rangers - 33% is owned by Lakshmi Mittal, the 5th richest man in the world family - the majority holder (66%) is the Malaysian entrepreneur Tony Fernandes. Mittal's investment is regarded as being motivated by his son-in-law's interest and it is assumed that Mittal was to remain amongst investors, although assuming a silent role. The club is now playing on the Championship (England's 2nd tier league). <sup>194</sup>

Sponsorship

The sports sponsorship market has grown over 12,5% a year. The biggest chunk of this market is on-air sponsorship with over 51,9%.

Over 51% of this market is related to cricket but recently (2015) the on ground sponsorship has grown 91,6% in football<sup>102</sup>.

The trend is for local players to dive into sponsorship due to the broadcast in multiple languages that is quite important in India<sup>102</sup>

India's football federation major sponsors are Coca-Cola, Nike, and Hero. the U-17 world cup in India is also sponsored by Coca-Cola, Adidas, Wanda, GazProm, Hyundai, Qatar airways, Visa.

There are also some national sponsors like Bank of Baroda, Byju's, Coal India, Dalmia Cement, HeroMotoCorp, and NTPC.

### Boca Juniors

- The Boca Juniors football school has academies in Bangalore (7 centres) and Mumbai (5 centres) with international coaches and world class training facilities spread in these cities;
- They partner with football clubs in India like Bengaluru FC;
- Certified by the AIFF.<sup>195</sup>

### FC Barcelona

- Barcelona has a popular football academy (FCB Escola) in Dehli known for training its players to play offensive football. This is a very selective academy that promises focus on developing physical, interpersonal and social skills.<sup>196,197,198</sup>

### Manchester United

- Partnership with the Western India Football Association (WIFA) to “bring the world’s best club-sanctioned coaching program” to Mumbai<sup>199</sup>;
- Children aged between 8 to 18 are given the opportunity to train under the supervision of MUSS’s coaches based on the club’s principles of coaching: Technical, Tactical, Physical, Mental and Social.

### 13 | Appendix 18 | Internationalisation India: Best Practices – Academies’ Locations

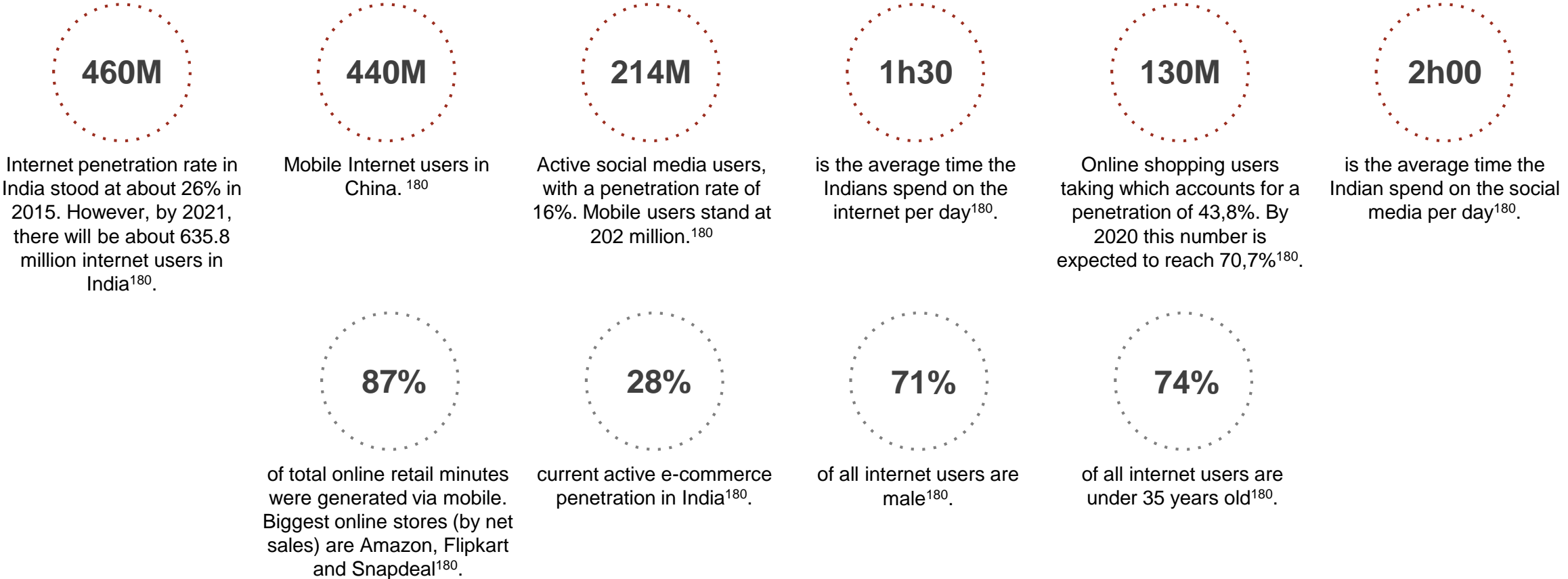
Most academies are located in the outskirts of big cities like New Delhi, Mumbai and Bengaluru<sup>200</sup>. All these cities have one team playing at the ISL and some of the locations involve partnerships (mostly sharing of infrastructure like training facilities) with schools, universities or football clubs.



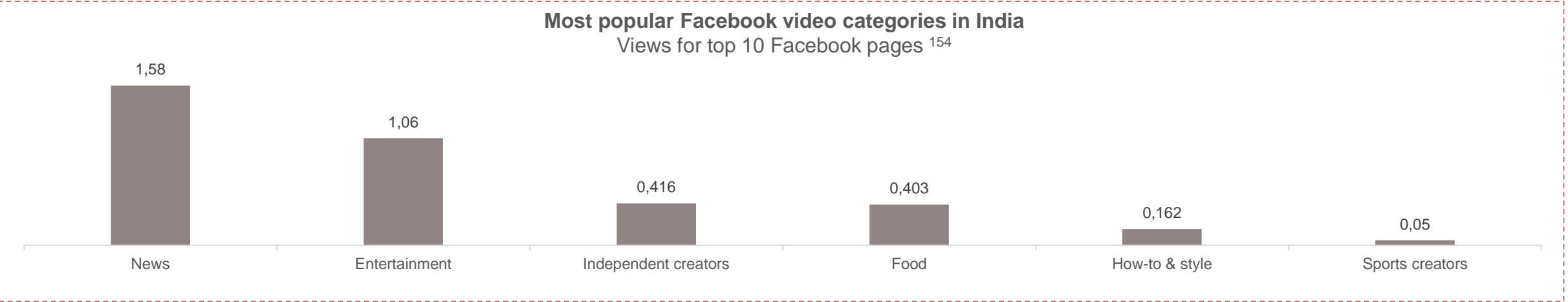
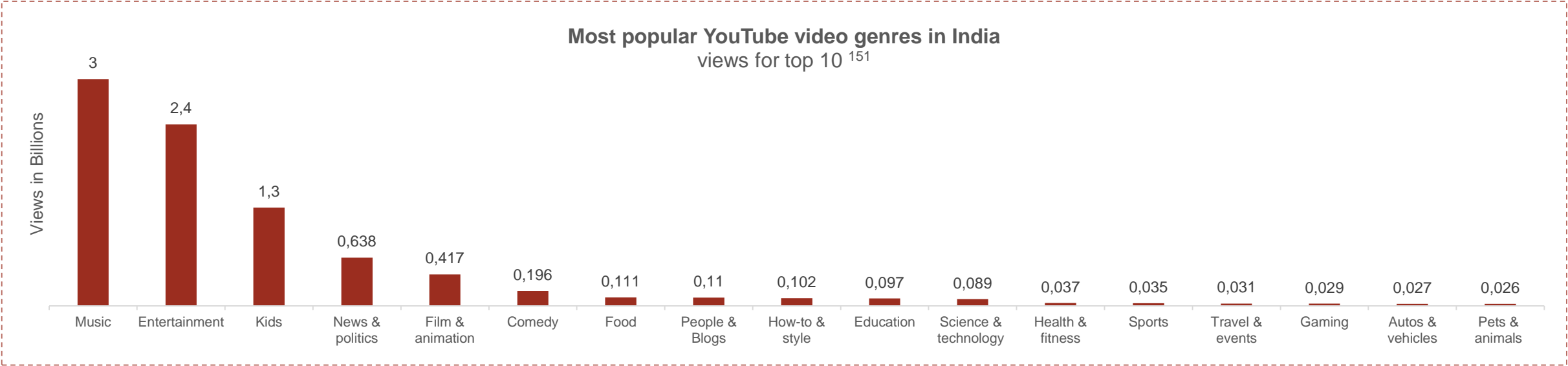
#### Location and Number of Best Practices’ Academies

- A - Liverpool FC Academy (1)
- B - PSG Football School (3)
- C - FCBEscuela Football School (6) <sup>197,198</sup>
- D - Boca Juniors Football School (12) <sup>195</sup>
- E - Arsenal Soccer Schools (18)

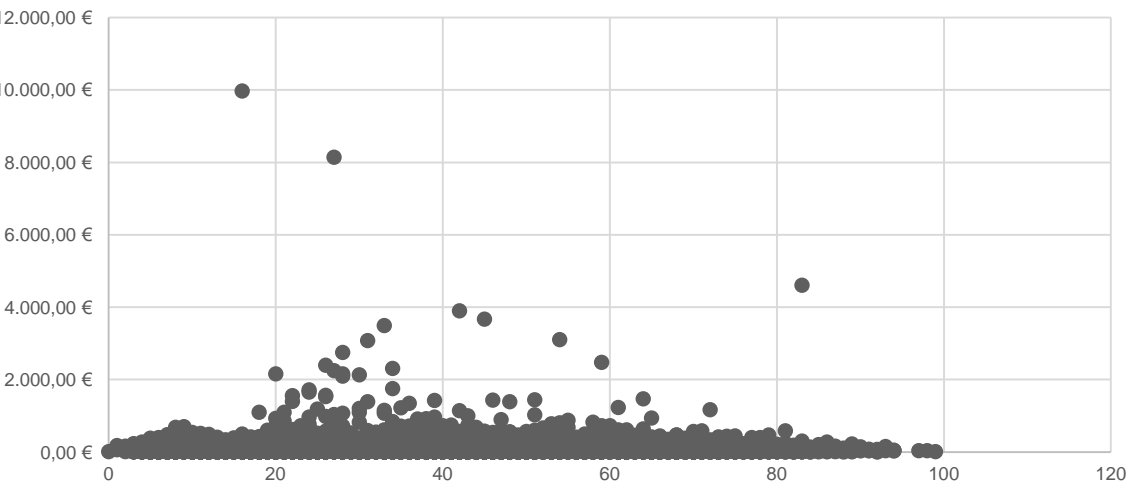
City	New Delhi	Mumbai	Bengaluru
Population	21,75 million	18,41 million	8,43 million
Capital of	Administrative	Business	Entrepreneurship







Merchandising sales per Age



Most Sold Items

	Total
Camisola Principal 16/17 (A18086)	93 680,94€
Camisola Principal 17/18 (B310000)	84 137,42€
Réplica Oficial Camisola Principal 16/17	74 926,70€
Réplica Camisola Principal 17/18	60 774,68€
Camisola Alternativa 16/17 (A18071)	50 780,16€
Réplica Oficial Mini Kit Principal 16/17	47 813,09€
Réplica Oficial Camisola Alternativa 16/17	47 376,40€
Réplica Oficial Camisola Principal CR 16/17	38 145,20€
Casaco Preto c/Logo Vermelho	34 434,46€
Réplica Mini Kit Principal 17/18	29 263,67€
Réplica Camisola Principal CR 17/18	28 957,26€
Réplica Casaco de Entrada 16/17	26 293,74€
Parka Acolchoada com Logotipo	25 028,20€
Mini Kit Principal Escolinhas 16/17	24 014,47€
Réplica Oficial Camisola Principal Sra 16/17	23 968,72€
Réplica Camisola Alternativa 17/18	22 249,68€
Polo Retro Campeão Europeu	22 148,04€
Réplica Mini Kit Principal Escolinhas Futebol	20 718,83€
(...)	(...)
<b>Total</b>	<b>2 777 983,20€</b>

13 | Appendix 22 | Data Analysis: Churn Analysis

Members with fees due vs total members					Number of members with fees due over X months ago		Number of members with fees due over 3 months ago		
	Total	Members with due fees	% over total members	% over Members with due fees		Total		Total	%
Infantil	18 008	5 322	29,55%	12,46%	2 months	14 371	Infantil	1 313	10,12%
Juvenil	14 922	5 718	38,32%	13,39%	3 months	12 972	Juvenil	1 641	12,65%
Maior	75 936	18 068	23,79%	42,31%	6 months	8 448	Maior	4 767	36,75%
Correspondente	68025	13 417	19,72%	31,42%			Correspondente	5 208	40,15%
Reformado	1274	180	14,13%	0,42%			Reformado	43	0,33%
Total	178 165	42 705		100%			Total (>3 months)	12 972	100,00%

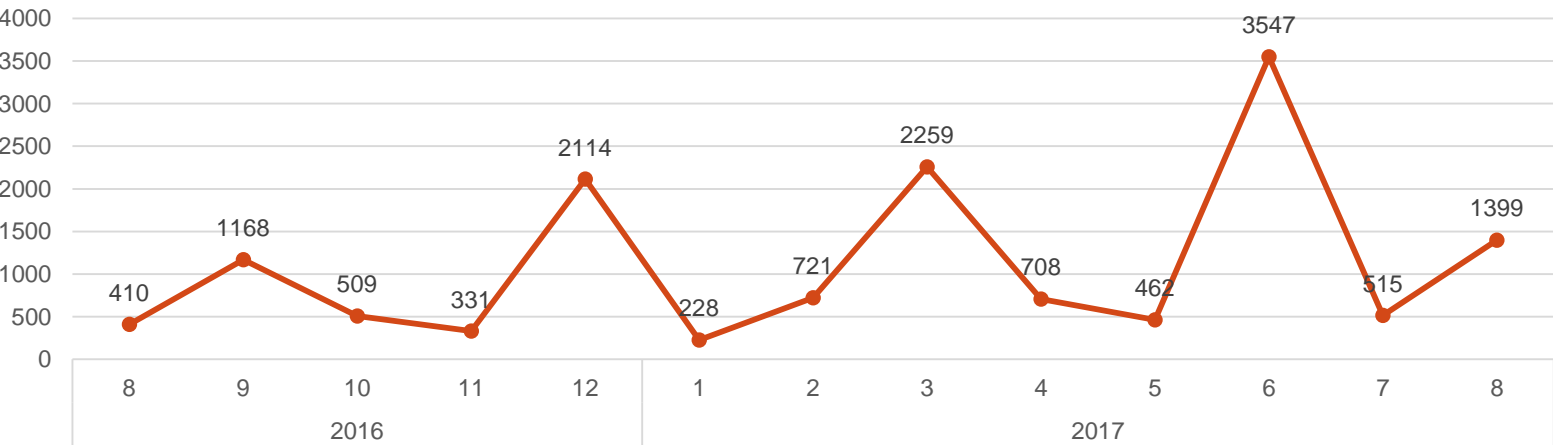
Assumptions

- Members are considered to have dropped out if they are 3 months late since their due payment date\*;
- Members who have stopped paying before august 2016 were disregarded and considered as irrelevant to this analysis. Therefore, the dropouts in this analysis are members who have dropped out after august 2016;
- Only paying members were considered\*\*.

- Out of the 178 165 members, approximately 23% (42 705) have fees overdue. The category with most members with fees overdue is *Maior* (approximately 42,30% of members with fees overdue belong to this category).
- Inside the categories, the one with proportionally most fees overdue is *Juvenil* that has almost 20% of its members with fees overdue.
- 12 972 members (approximately of members with fees overdue) have fees due for over 3 months ago, which puts them in the Dropout category according to the assumption. This represents 7,3% of total members.
- Among those considered dropouts (fees due >3months) the most representative category is *Correspondente*, corresponding to 40% of dropouts.

Members who have stopped paying before august 2016 were disregarded in the analysis as well as all the non-paying members

Membership payment per frequency of payment							
	Total nr of paying members	Members with delayed fees	% Members with delayed fees	Delayed fees >1y	% delayed fees >1y	Average nr of delayed fees	Average nr of delayed months
Monthly	40 853	7 111	17,41%	614	1,50%	4,65	4,65
Bimonthly	13 124	2 799	21,33%	333	2,54%	3,34	6,68
Quarterly	55 771	7 772	13,94%	982	1,76%	2,65	7,96
Biannually	14 301	450	3,15%	44	0,31%	1,74	10,42
Annually	30 947	123	0,40%	114	0,37%	1,16	13,89
Total	154 996	18 255		2 087			



**Membership payment per frequency**

- The payment frequency category with most overdue members is quarterly, followed by monthly.
- Proportionally the category with most members overdue is bimonthly, of which 21,33% of members have overdue fees.
- 11% of members have over 1 year of overdue fees. Quarterly is the payment frequency category with the highest number of members with overdue fees, but, in proportion, it is the bimonthly category that has the highest number of overdue fees.
- The average of delayed fees, in months is of 6,57.

**Main peaks are:**

- 3 547 dropouts in June 2017;
- 2 259 new members in may 2017.

### Limitations

- Impossibility to distinguish gender;
- Impossibility to distinguish each Red Pass' seat and floor;
- Impossibility to know which type of Red Pass is held by *Fundadores* Members and *Centenarium* Members;
- Lack of historical information: inability to calculate the growth rate of each segment;
- No information about costs, and thus, everything is considered as profit.

### Assumptions

- Average Price of Red Pass and Red Pass Total were calculated as a weighted average, according to the number of seats available in each floor;
- Average Price of Red Pass Premium was calculated as an arithmetic average, considering only the base prices;
- The analysed period was "June 2017 - November 2017" (the minimum common denominator between all databases)

Section 1

Section 2

Section 3

Section 4

Can you tell me about your relationship with Benfica?

TARGET A

Role of sports results, Role of family, Role of friends, Role of membership price, Sense of belonging, Awareness of membership advantages, Perception of membership advantages (discounts and partnerships)

TARGET B

Role of sports results, Role of family, Role of friends, Role of membership price, Sense of belonging, Sense of helping the club, Perception of membership advantages (discounts and partnerships), Usage of membership advantages

TARGET C

Role of sports results, Role of family, Role of friends, **Role of lifecycle/ life phase**, Sense of belonging, Awareness of membership advantages, Perception of membership advantages (discounts and partnerships), Usage of membership advantages

Projective technique [applies to all targets]

WEBSITE

**Interacted?** - thoughts, opinions, likes, & dislikes.  
**Not interacted?** – for what?  
What do you like?

SOCIAL MEDIA

Follower? Where?  
What kind of interactions?  
thoughts, opinions, likes & dislikes.

APP

**Interacted?** - thoughts, opinions, likes & dislikes.  
**Not interacted?** – aware of features? How likely to use it now that he/she knows

INTERNATIONALISATION

Aware? Of what?



### Section 1

#### Projective technique [applies to all targets]

Imagine the average Benfica supporter and the average Benfica member. In what ways are they similar and in what ways are they different, in personality, lifestyle, etc?

### Section 2

### Section 3

#### Value Proposition

##### TARGET A

##### TARGET C

The current membership of Benfica allows you to get exclusive access to season tickets, discounts on other tickets, merchandise, and stadium visits and tours, plus a Benfica scarf, for an initial fee of 20 euros and then 12 euros per month. What do you think about this offer? How likely does it make you to join or rejoin Benfica as a paid member?

### Section 4

### 01

#### Email a Survey request

Create a survey and email it out to the database, with what you want to find out about that specific set of members.

### 02

#### Install a Popover Window

Popovers on the club's website homepage may well work as an effective way of collecting information. Visitors enter a weekly drawing for a gift certificate of they answer, for instance.

### 03

#### Collect via point of sale

Collect customers' information at the point of sale, namely at Benfica's stores and tickets lines.

### 04

#### Use progressive profiling

With progressive profiling, it is possible to have a new question each time the same visitor goes to the website. Under this method, SL Benfica can gain deeper insights of each of its visitors (meaning, customers) interests. Ultimately, this would allow to gain all of the information necessary on a step-by-step basis in order to, in the future, personalize the each customer's experience without having an overwhelming number of questions.

### 05

#### Train Call Center Reps

Call centre reps may ask a few questions and record customers' answers in the system, which is to automatically be reflected back to the marketing database.

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